

Halifax Housing Market Outlook

CMHC Market Insights
June 2022



Objectives

- Have a better understanding of the Housing Market Outlook report content and objective.
- Look at macroeconomic picture preceding our CMHC forecasts
- Understand forecasts highlights and the conditions that will drive housing activity.
- Have a better understanding how affordability may be impacted up to 2024.

HOUSING MARKET INFORMATION

Housing Market Outlook

CANADA AND METROPOLITAN AREAS
DATE RELEASED: SPRING 2022



Welcome to the Housing Market Outlook (HMO)

This publication provides forward-looking analysis of Canada's housing markets. Published annually, it helps anticipate emerging trends in new-home and resale housing markets at the national and metropolitan-area levels. The HMO includes forecasts for important housing market variables such as starts, prices and resales. The forecasts included in this document are based on information available as of March 9th, 2022.



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Real Estate / News / FP Economy

CMHC says home price and sales growth to moderate but stay elevated

Strong economy, job market and immigration to support demand

Financial Post Staff

Apr 21, 2022 • 4 days ago • 1 minute read • 10 Comments

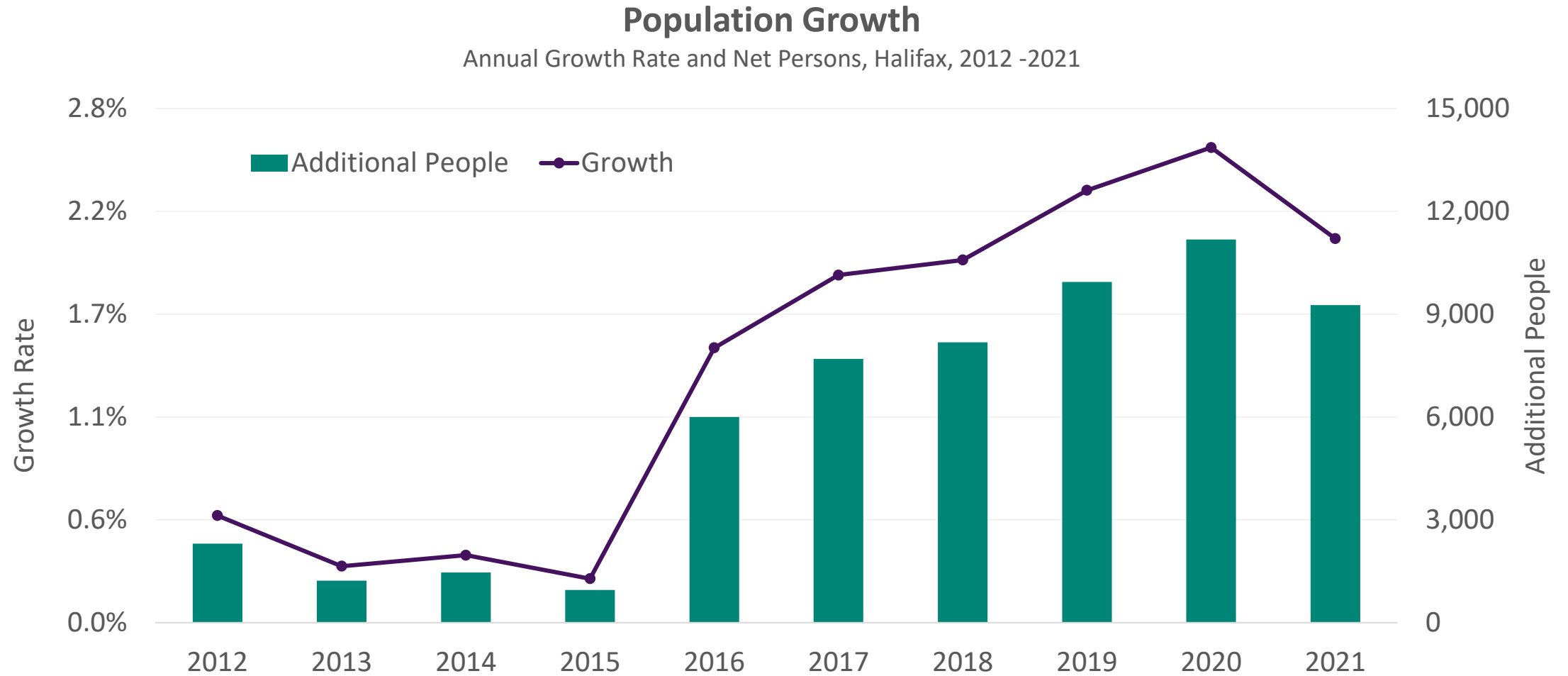


Growth in housing sales, prices and construction will moderate this year from pandemic highs but stay elevated, says CMHC. PHOTO BY ASHLEY FRASER/POSTMEDIA

Click [here](#) to access to the report on CMHC's website.

Macroeconomic Picture

Halifax Population



Source: Statistics Canada, Population Estimates, July 1st, Table 17-10-0135-01

Halifax: Population Drivers

annual average changes

Jul-2009 to Jun-2015

1,350

Natural



-150

Net Interprovincial

1,350

Net Intraprovincial



2,050

International migration



750

Non-permanent residents



Jul-2015 to Jun-2020

700

Natural



2,250

Net Interprovincial



1,000

Net Intraprovincial



5,050

International migration



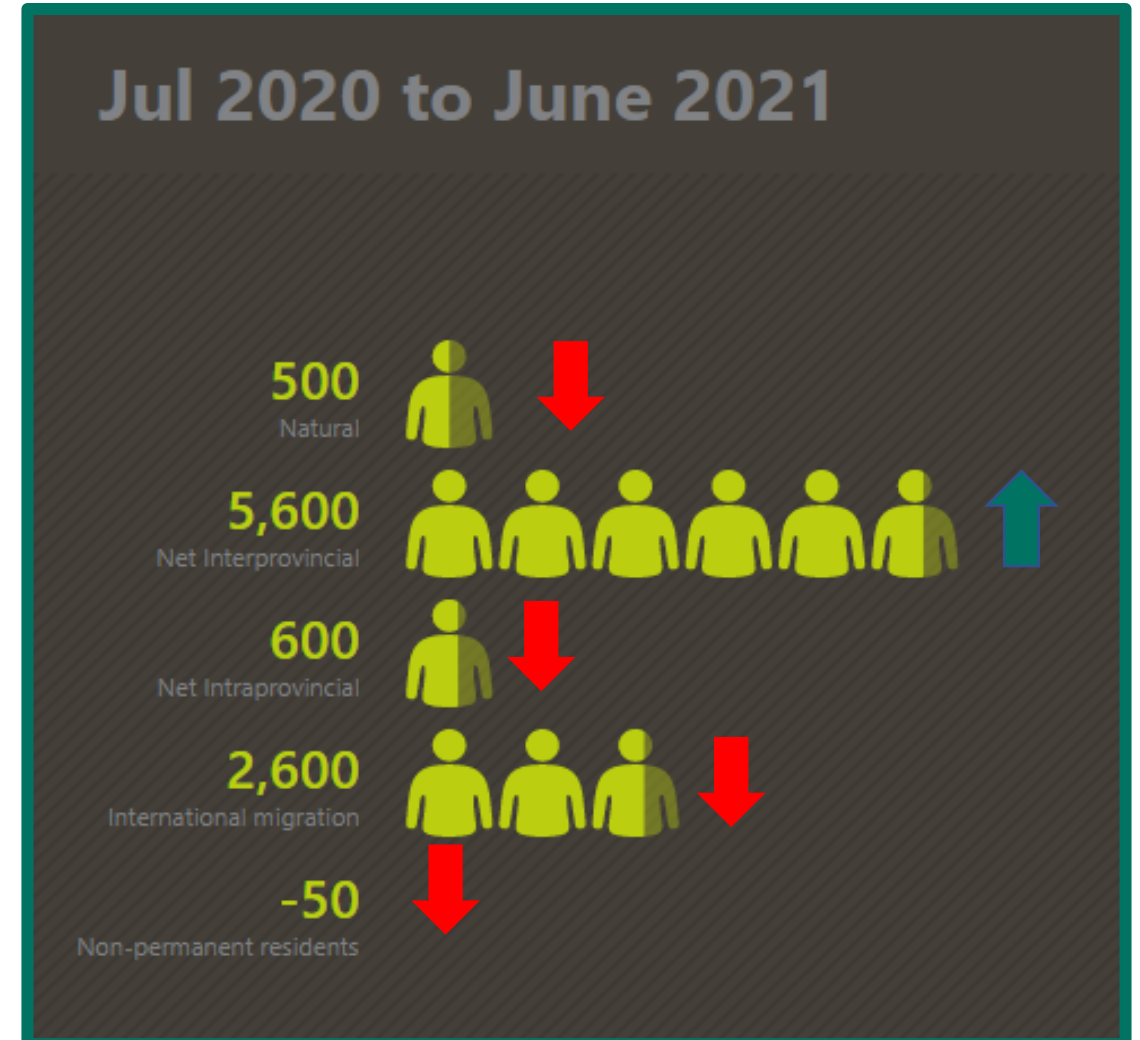
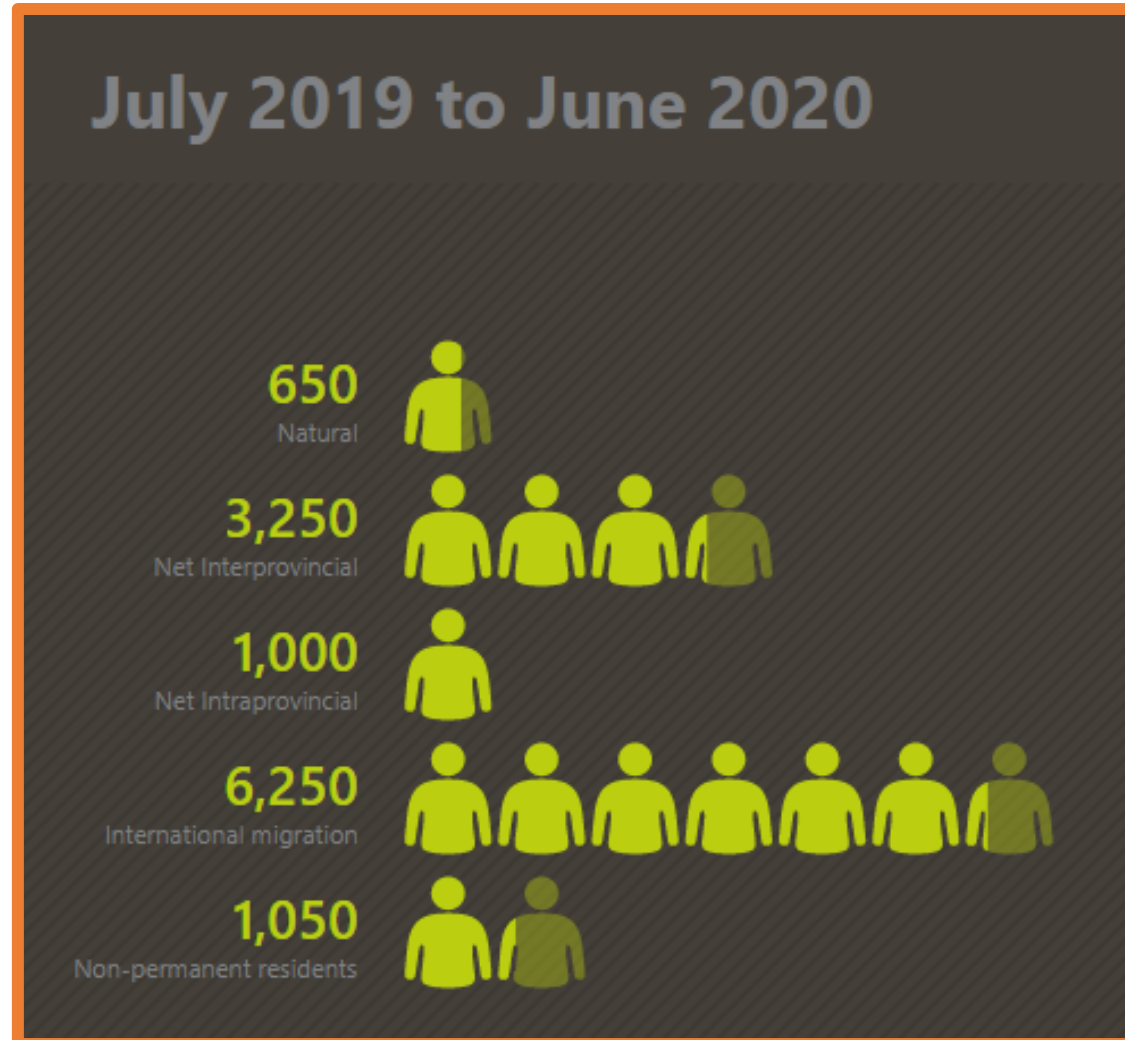
1,050

Non-permanent residents



Halifax: Components of population growth

2021 vs 2020



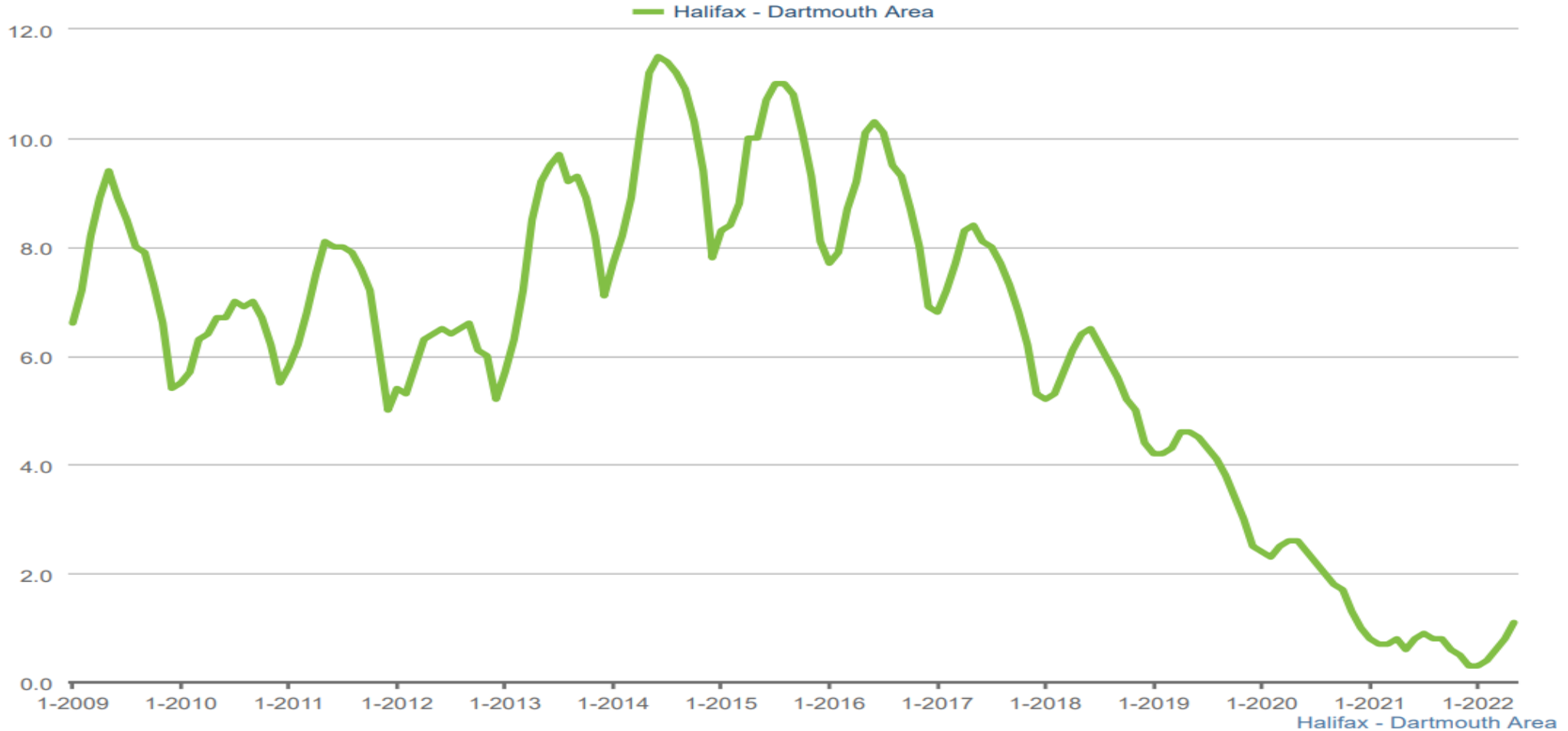
Source: Statistics Canada, Components of population change, Table 17-10-0136-01

Restrictions and home buying surge contributed to soaring lumber prices



Inventory of homes for sale critically low

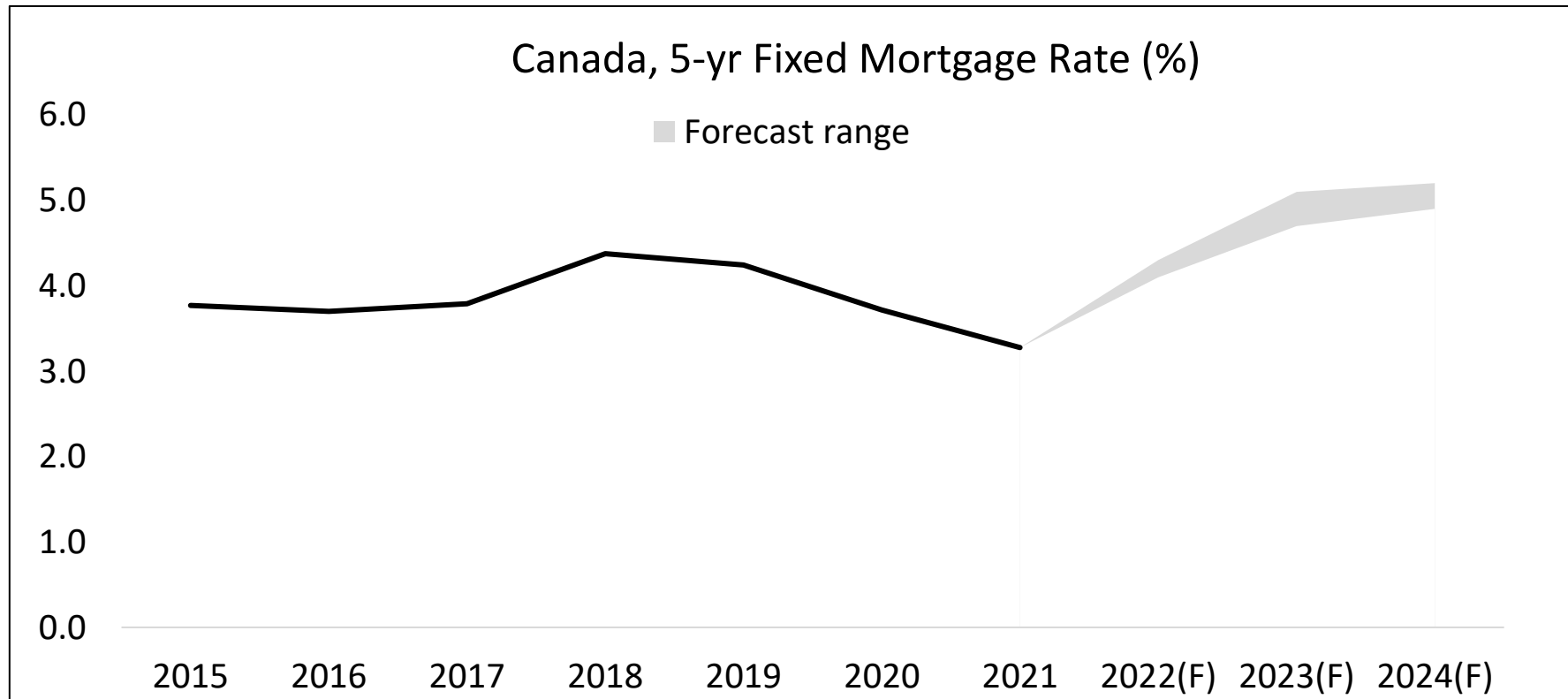
Months Supply of Homes for Sale



Longer-term macro-economic outlook

Between 2022 and 2024 we expect:

- Stronger impacts on housing demand from higher mortgage rates as monetary policy continues to tighten.



Key factors

1 **Population growth**


2 **Commodity Prices and inflation**

3 **Housing Supply**

4 **Interest rates**

Halifax Housing Forecasts

CMHC Forecast Intervals

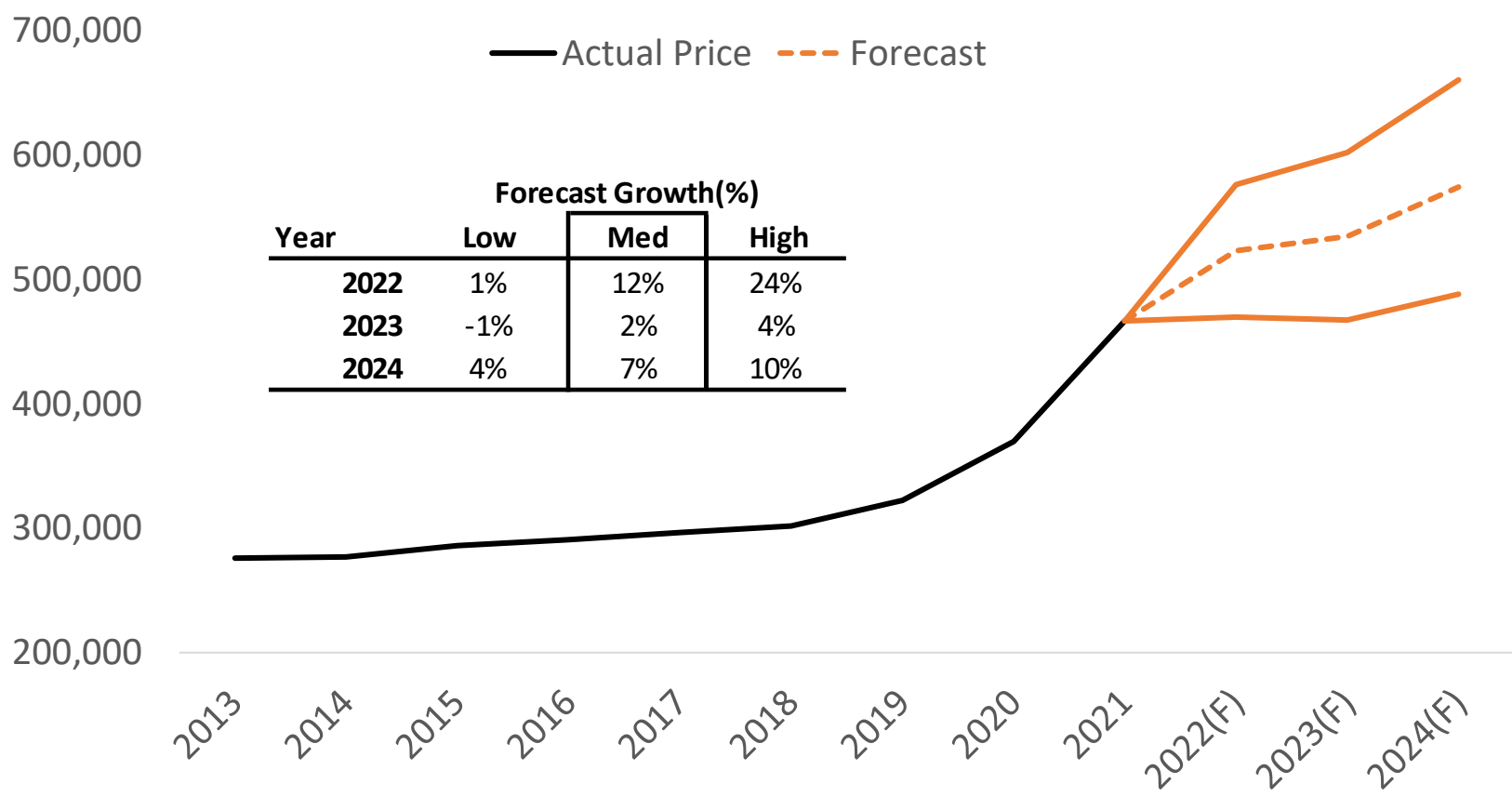
- A forecast interval is a range within which future observations are expected to fall with a prescribed probability
 - Point forecasts provide no guidance as to their likely precision
 - Forecast intervals complement point forecasts as they indicate their precision, which allows to account for future uncertainty
-  ■ Therefore, forecast intervals communicate uncertainty surrounding our forecasts

Major risks to the outlook include:

1. Interest and mortgage rate increases exceeding or outpacing our forecast, placing greater downward pressure on sales, starts and affordability;
2. Effects of inflation and resulting impact on consumer confidence and housing demand;
3. Slower than expected supply growth leading to higher price growth and faster deterioration in affordability.
4. Interprovincial migration could increase further as buyers are priced out of high-value housing markets in Canada
5. Consumer boom from improved market sentiment, accumulated savings could lead to higher than expected economic activity and home prices

House prices expected to continue increasing, but at a slower pace

Halifax, MLS® Average Price



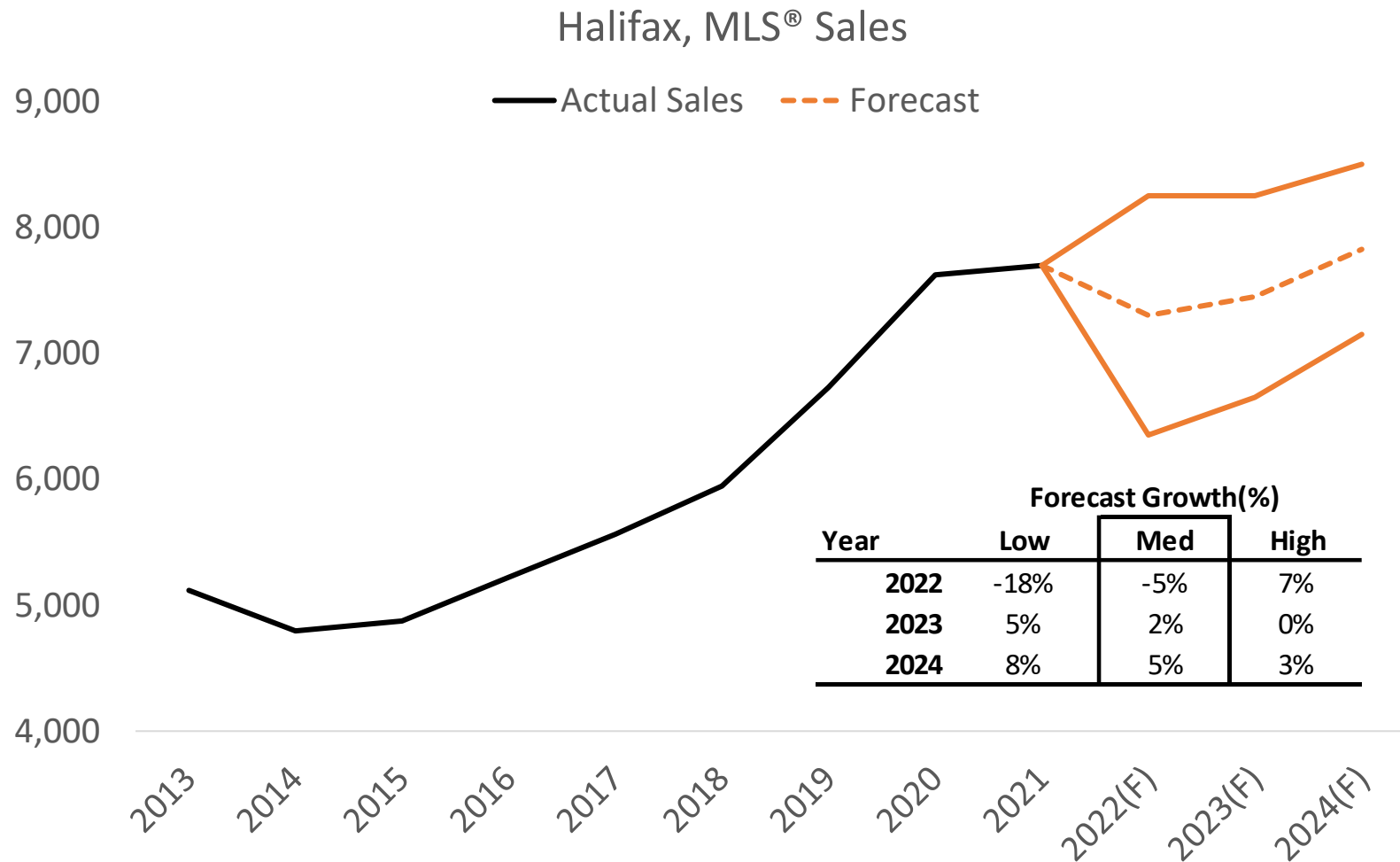
Sellers' don't have incentives to lower price because of low supply.

Compositional shifts in homes sold to lower priced homes

Inflation might offset the need for further interest rate increases.

Source: CREA, (F) Forecasts by CMHC

Sales expected to decline due to affordability concerns and moderating population growth



Affordability and reduced borrowing capacity affecting local buyers

Return to pre-pandemic level in sales

Reduced interprovincial migration – from Prairie provinces in particular.

Source: CREA, (F) Forecasts by CMHC

Housing starts expected to decline

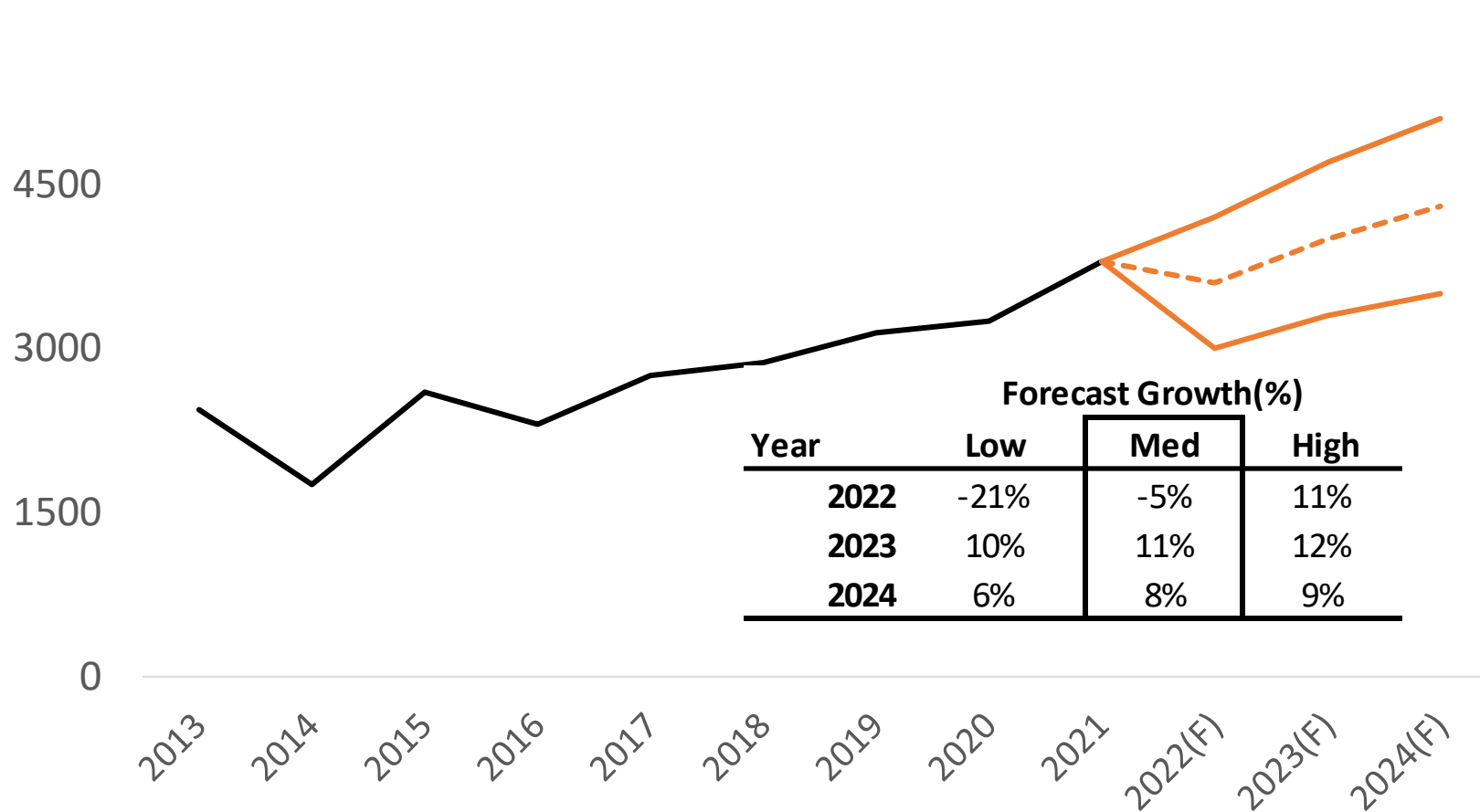
Rising prices are an incentive to build.

But...

1. **Capacity** starts are already at historic highs
2. **Inflation** is now hitting bottom lines: fuel and materials
3. **Labour Shortages:** workers are hard to find, wage increases

Halifax, Housing Starts

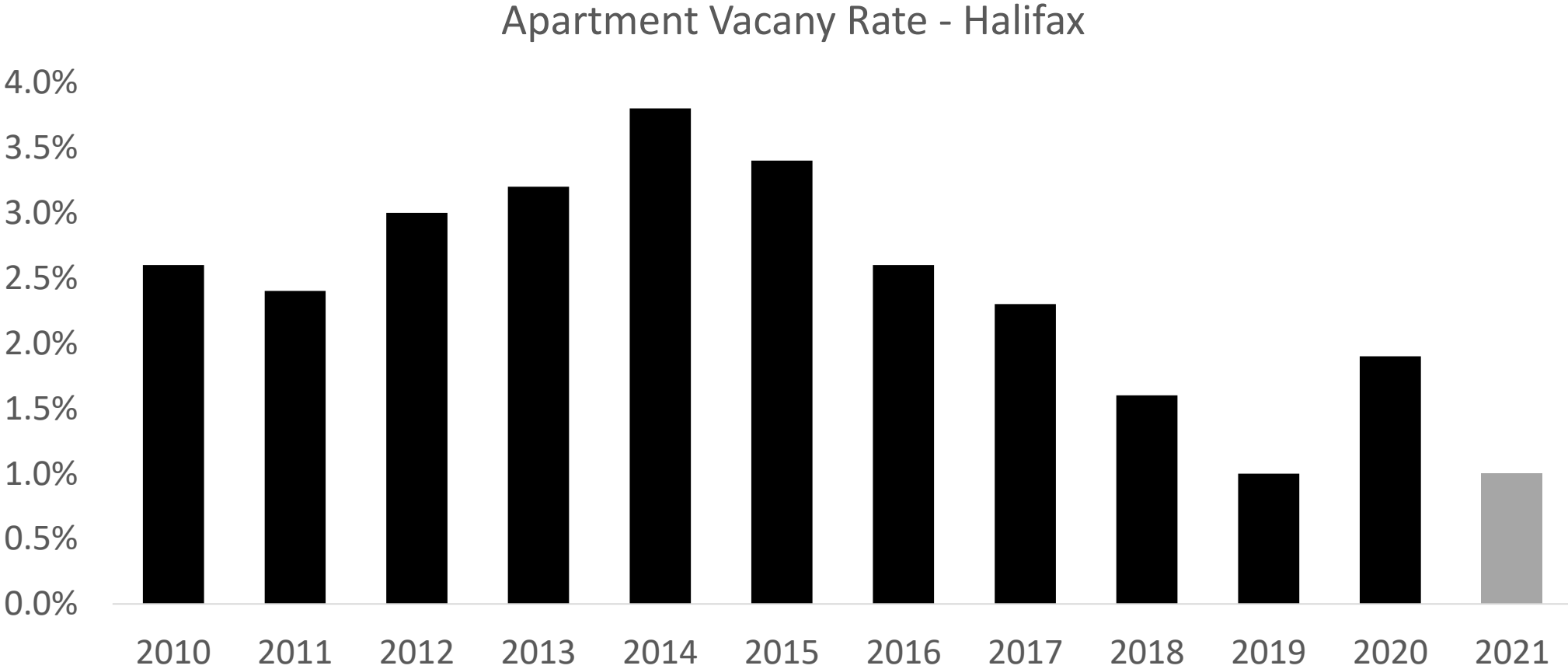
— Actual Starts - - - Forecast



Source: CMHC

Rental Market

Record low vacancy rate despite upward trend in new construction



Source : CMHC Rental Market Survey

Rental market: what to expect



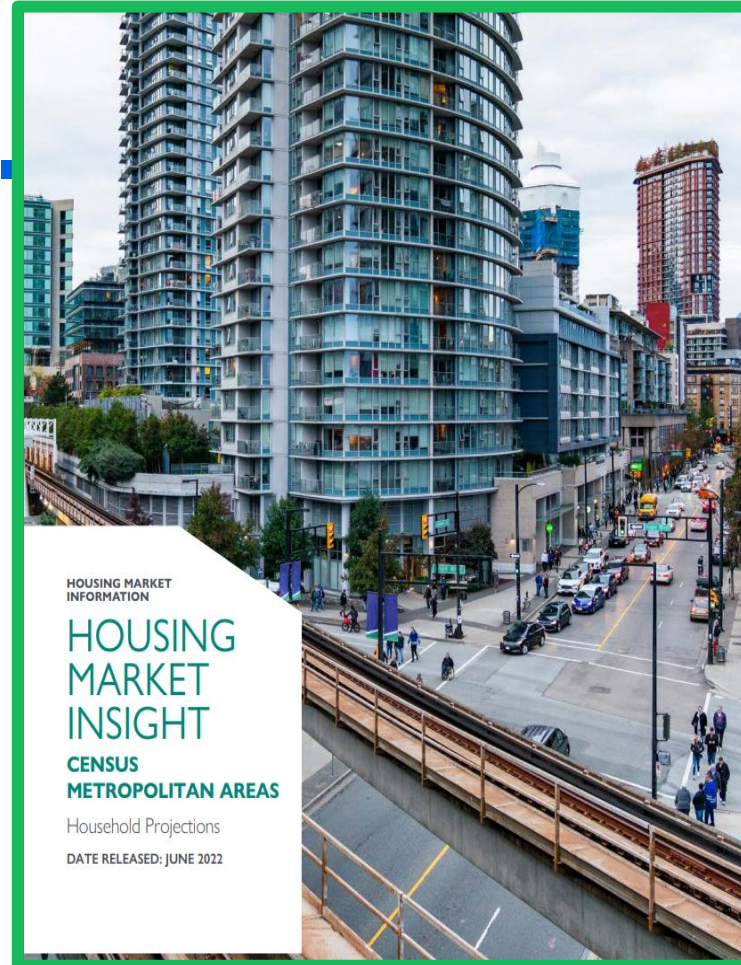
Return of international migration & non-permanent residents

A slowdown in transition to homeownership from rental

Vacancy rates remain low particularly on the peninsula

Low vacancy rates will drive up average rents

Housing Market Insights on the state of housing supply...







For questions or
more information



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THANK YOU!!!