The Altus Group Condominium Apartment Monitor

Vancouver Edition

Data as of First Quarter 2019

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New Condominium Apartment Dashboard

Altus Group

Q1 2019			YTD Q1 2019	
Sales	Inventory	Avg. Launch $/SF	Sales	Avg. Launch $/SF
1,606	6,804	$911	12,837	$989
-53%	230%	-21%	-7%	6%
Lowest quarter since Q1 2013	*Highest Q1 since 2015*	*2nd highest Q1 ever*	*Lowest year since 2014*	*Record high for entire year*

% change is from same period a year earlier

Highlights

- What a difference 3 months can make. **New condominium apartment sales in the Vancouver Market Area plummeted in the first quarter of 2019**, to their lowest quarterly level since Q1 2013, and well below the 10 year average. Fewer launches played a role, but it also appears some potential buyers are taking a "wait and see" approach with respect to prices.
- **Condo apartment inventory available to purchase increased again in Q1 2019.** While there were fewer units launched than in Q4, they still outstripped the level of sales. With plenty of supply available relative to the last 2 years, and incentives becoming more common, end-user buyers are out shopping, but in no rush to pull the trigger. Some sites are reporting a fall-off in investor activity.
- **Looking ahead, our outlook is for some improvement in the pace of sales as the year progresses**, but not enough to keep annual sales from being down for the 3rd year in a row.

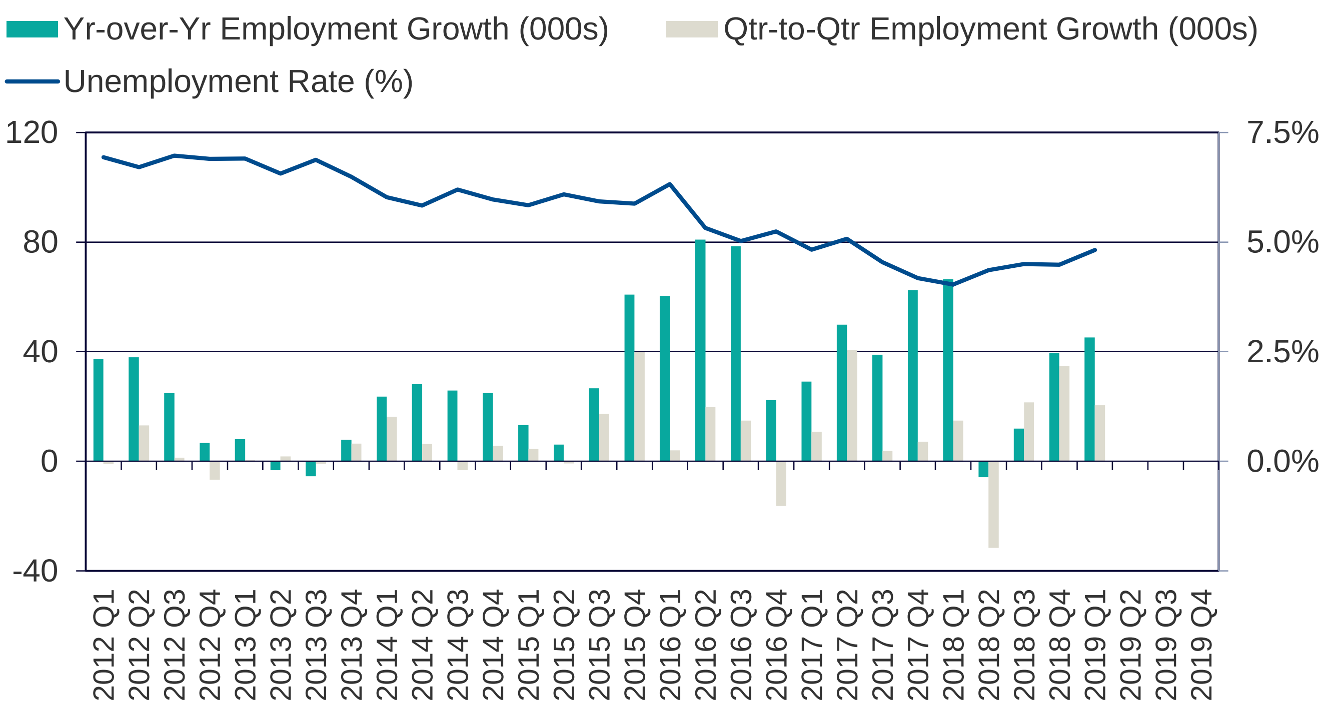
Vancouver Condominium Apartment Key Performance Indicators

	Q1 2018	Q4 2018	Q1 2019	*Yr-Over-Yr % Change*	YTD Q4 2017	YTD Q4 2018	*Yr-Over-Yr % Change*
New Condominium Apartments (Altus Group data)*							
Total active sites	131	154	155	*18%*	119	146	*23%*
New projects opened	19	31	12	*-37%*	101	101	*0%*
Units in new projects opened	3,766	6,665	1,997	*-47%*	12,425	17,369	*40%*
Total sales (units)	3,449	4,474	1,606	*-53%*	13,738	12,837	*-7%*
Sales as % of total new & resale	*37%*	*53%*	*29%*		*31%*	*38%*	
Inventory (units)	2,060	5,720	6,804	*230%*	2,061	3,411	*66%*
Sales-to-inventory ratio	56%	26%	8%	*-86%*	56%	35%	*-38%*
Months of inventory	1.7	5.3	7.4	*333%*	1.6	3.2	*101%*
Launch Price PSF	$1,160	$1,043	$911	*-21%*	$937	$989	*6%*
Launch Unit size (sq. ft)	838	782	740	*-12%*	858	823	*-4%*
Units completed	1,481	3,215	1,942	*31%*	9,526	10,337	*9%*
Resale Condominium Apartments (Real Estate Board of Greater Vancouver and Fraser Valley Real Estate Board data)							
Total sales (units)	5,805	3,914	3,843	*-34%*	30,297	21,128	*-30%*
New listings (units)	2,801	2,475	3,309	*18%*	12,255	12,823	*5%*
Inventory ("active listings", units)	3,068	6,958	7,061	*130%*	3,390	5,533	*63%*
Sales-to-inventory ratio	63%	19%	18%	*-71%*	74%	37%	*-51%*
Months of inventory	1.2	4.0	4.4	*257%*	1.4	2.7	*93%*
HPI constant quality price	$667,181	$659,945	$644,503	*-3%*	$571,412	$676,720	*18%*
HPI constant quality price index (Jan 2005=100)	281.9	278.9	272.3	*-3%*	241.5	286.0	*18%*

** see end of report for Definitions*

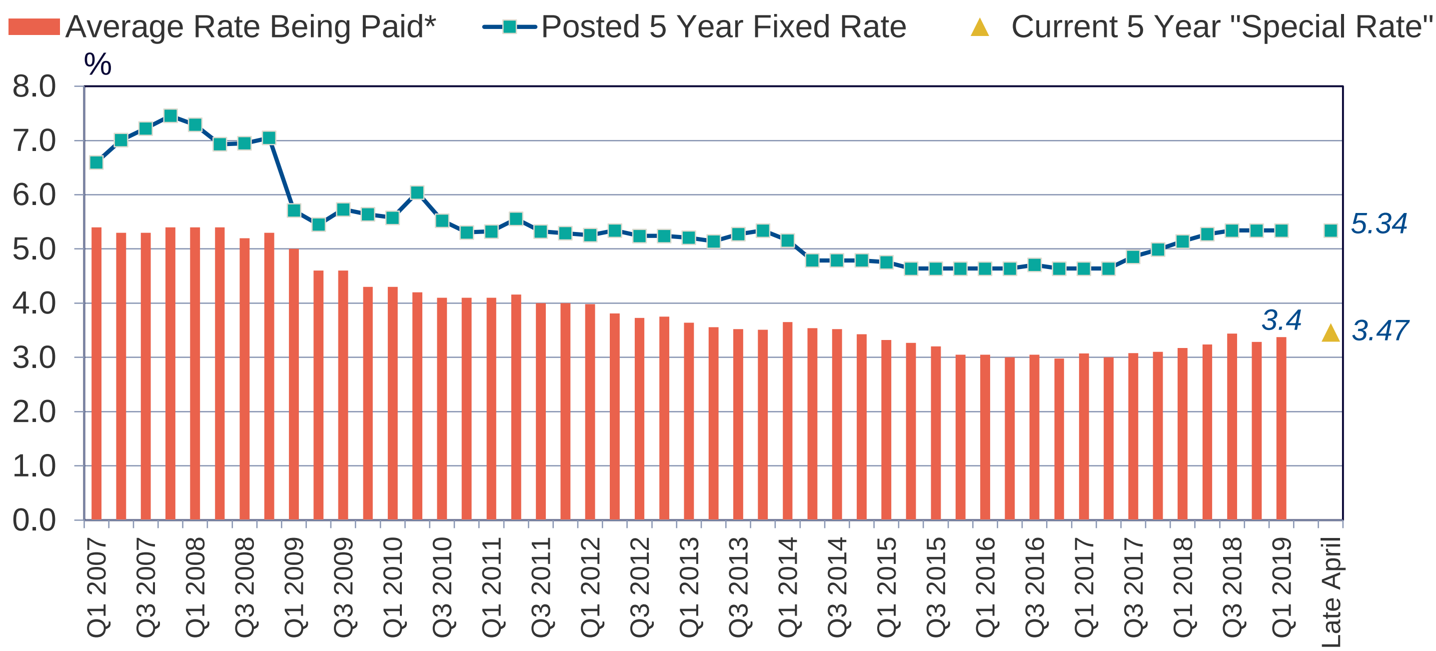
- Employment in the Vancouver market (Vancouver & Abbotsford CMAs) grew for the third quarter in a row in the first quarter of 2019. However, the **45,000 jobs gained for the 4 quarters ending Q1 2019 fall short of the over 66,000 net new jobs created in the previous year**. With labour force growth exceeding job growth, the unemployment rate has been moving up over the past year, to 4.8% at the end of Q1 2019.
- **After several modest bump-ups since the beginning of 2018, posted mortgage rates and average effective mortgage rates have been relatively stable more recently** (*chart top of next page*), according to Bank of Canada and Altus Group FIRM data, and future increases are likely on hold for the time being. The Bank of Canada maintained the target for the overnight rate at 1.75% again at the rate announcement on April 24, and noted that "*an accommodative policy interest rate continues to be warranted. We will continue to evaluate the appropriate degree of monetary policy accommodation as new data arrive. In particular, we are monitoring developments in household spending, oil markets, and global trade policy to gauge the extent to which the factors weighing on growth and the inflation outlook are dissipating.*" The next rate announcement is May 29, 2019.
- **Homebuying intentions in Vancouver are up in Spring 2019 compared to last year**, according to Altus Group's latest FIRM Survey (*chart bottom of next page*). This is the case for both existing homeowners and current renters (i.e. the key group for potential first-time buyers), although for both groups the improvement was modest. This is positive for improved sales as the year progresses.

Vancouver Employment



Source: Altus Group based on Statistics Canada data

Canadian Mortgage Rates

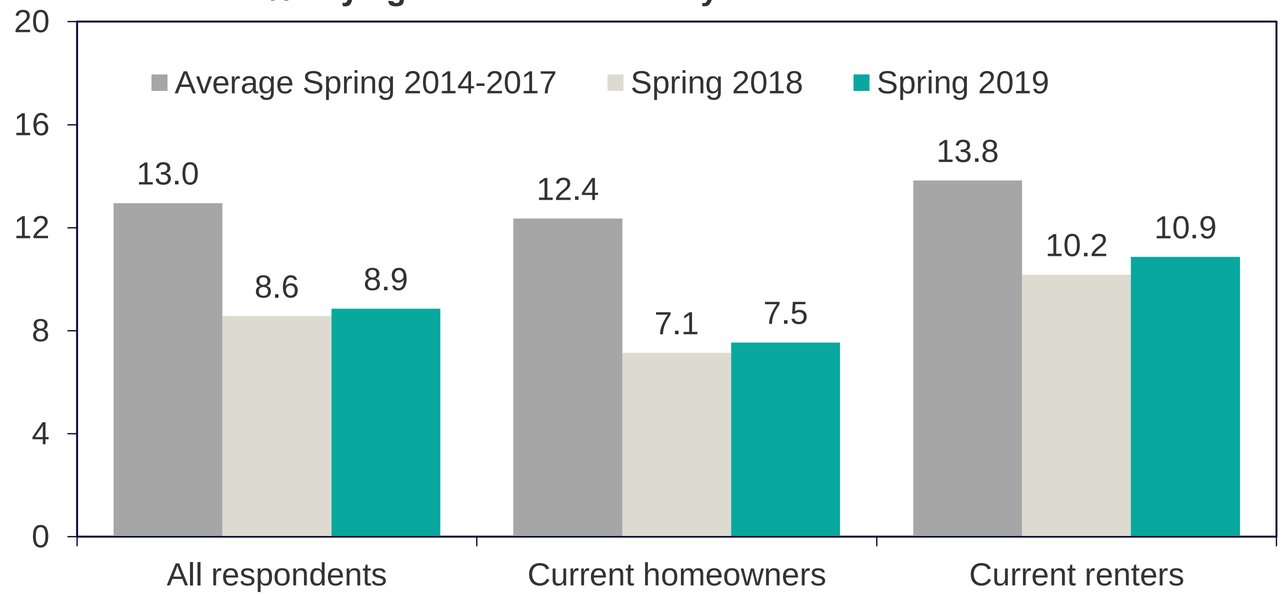


Source: Altus Group and Bank of Canada data

** The average rate currently being paid by all mortgage customers, regardless of term or type or when arranged*

Vancouver Homebuying Intentions

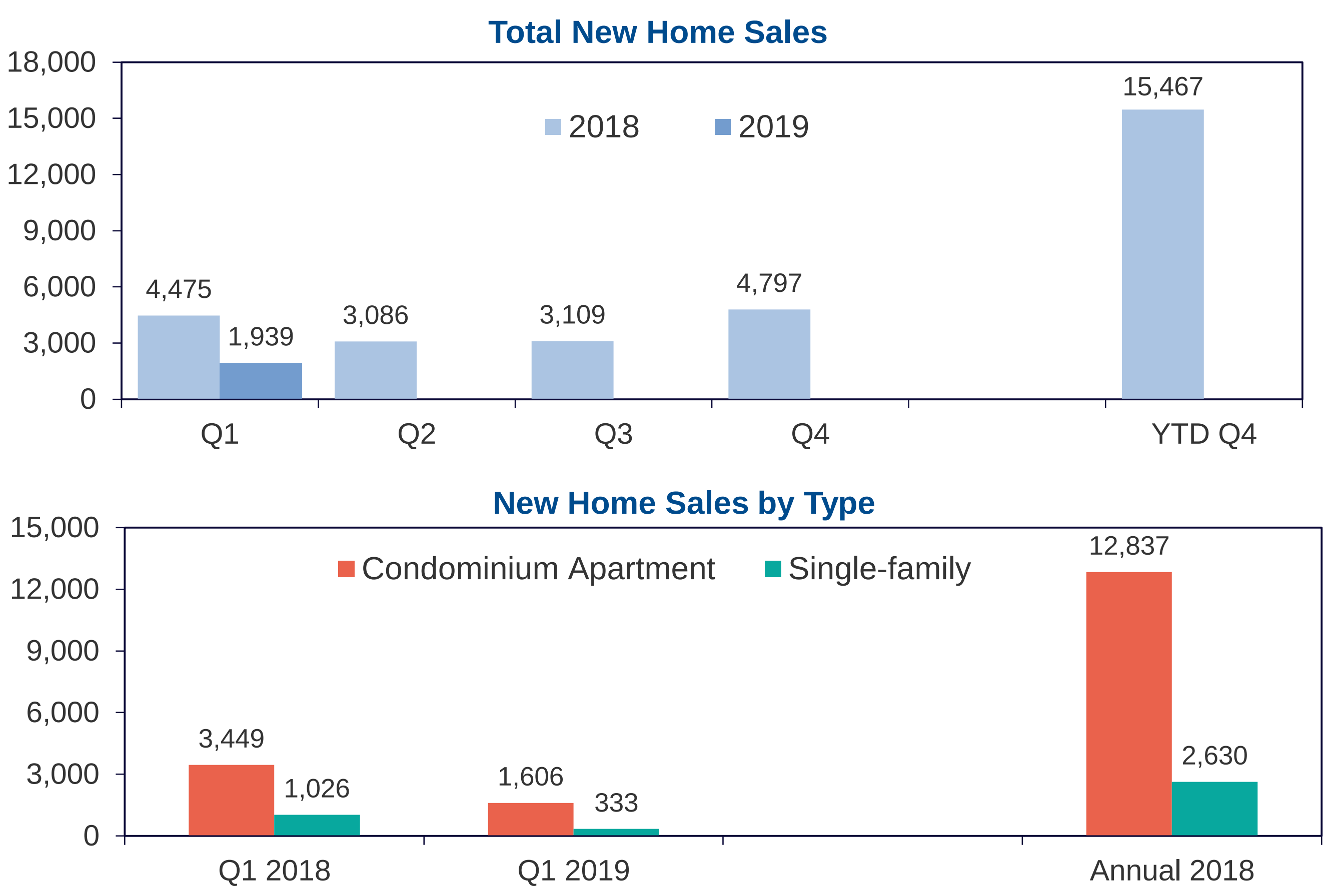
% Saying "Yes" Intend to Buy a Home in the Next Year



Source: Altus Group

- Total sales of new homes in the Vancouver Market Area plummeted in Q1 2019 from both Q4 2018 and Q1 2018. **The 1,939 total sales represented the lowest total of any quarter since Q4 2009.** Both end-users and investors appear to be more hesitant.
- **New condominium apartment sales decreased by more than half from a year earlier.** Relatively little new product was brought to market to start 2019 after the record high number of new openings in the fourth quarter of 2018. Single-family sales of 333 were down compared to a year earlier but were up modestly from 323 in Q4 2018. *Note that Altus Group's coverage of new single-family sales only includes projects of 20 or more units.*
- Total new home sales were down in most subareas in Q1 2019 *(chart next page)* with the exception of Richmond which had an increase in new condominium apartment sales.
- Guildford was the submarket with the highest number of sales in Q1 2019 *(chart after next page),* as Burnaby North took a breather following a very active year in 2018.

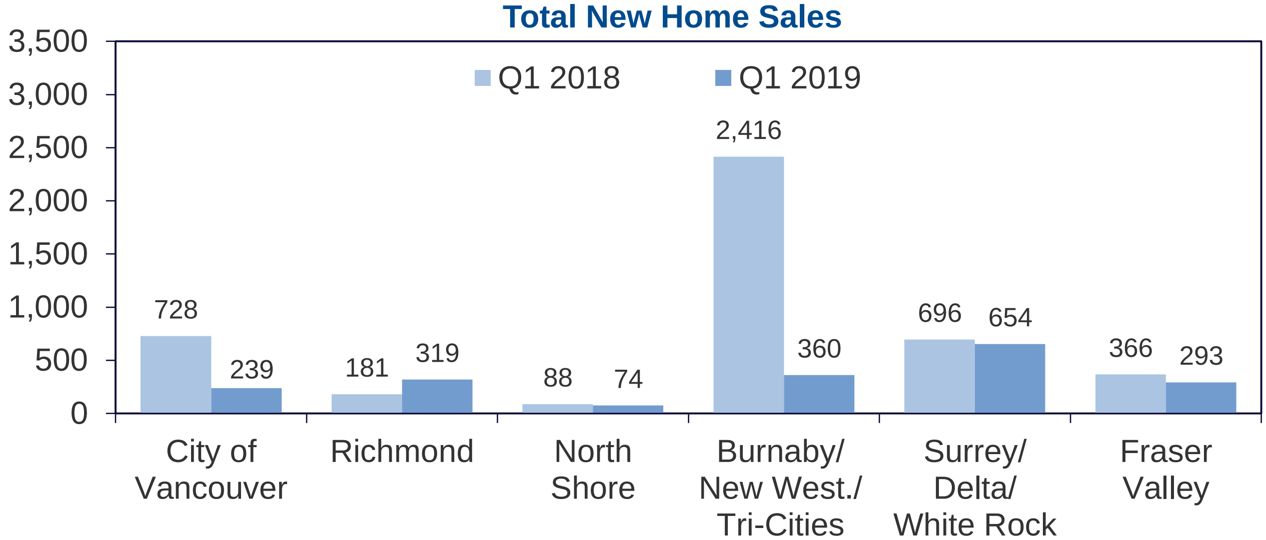
Vancouver New Home Sales



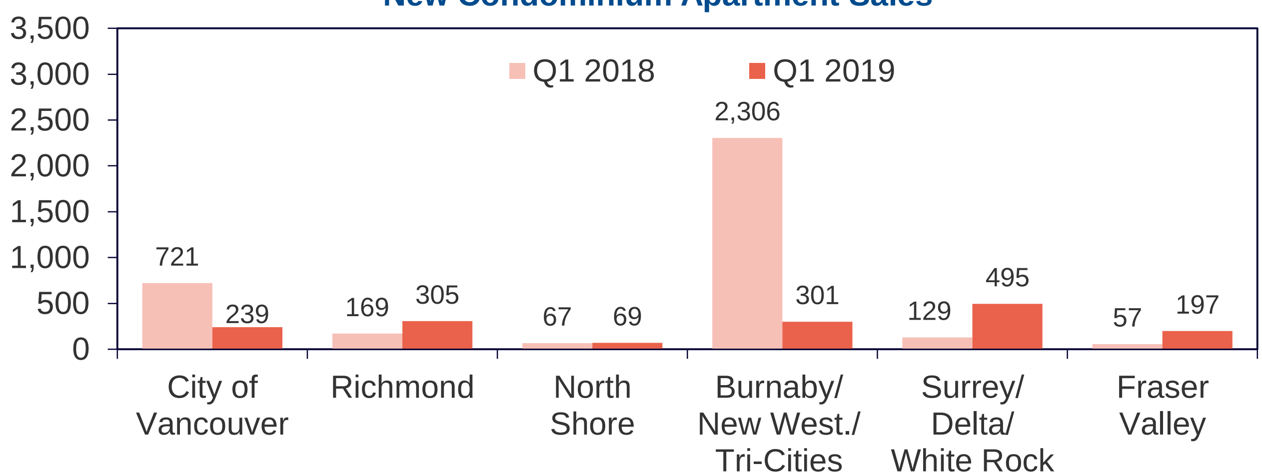
Source: Altus Group

Vancouver New Home Sales by Subarea

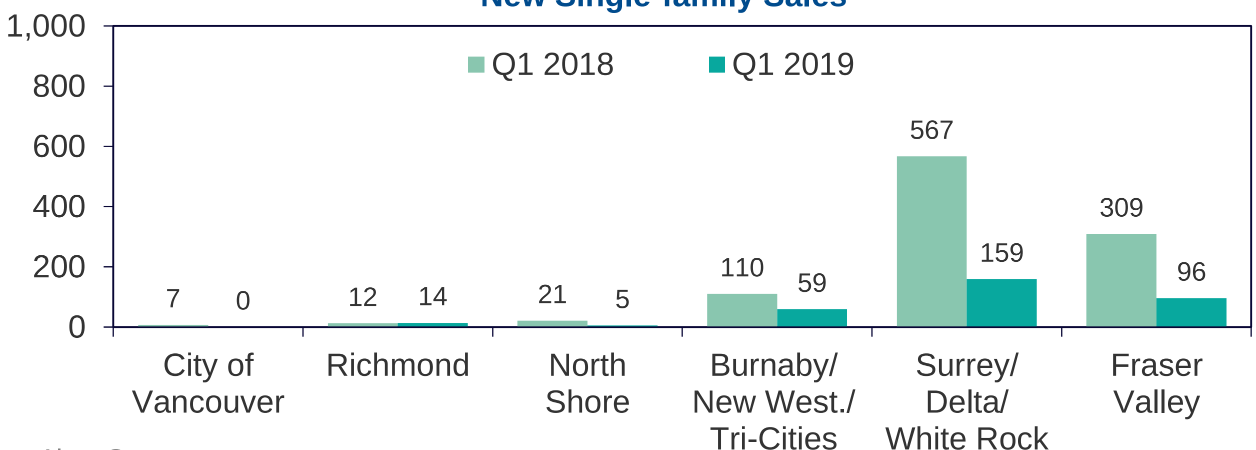
Total New Home Sales



New Condominium Apartment Sales

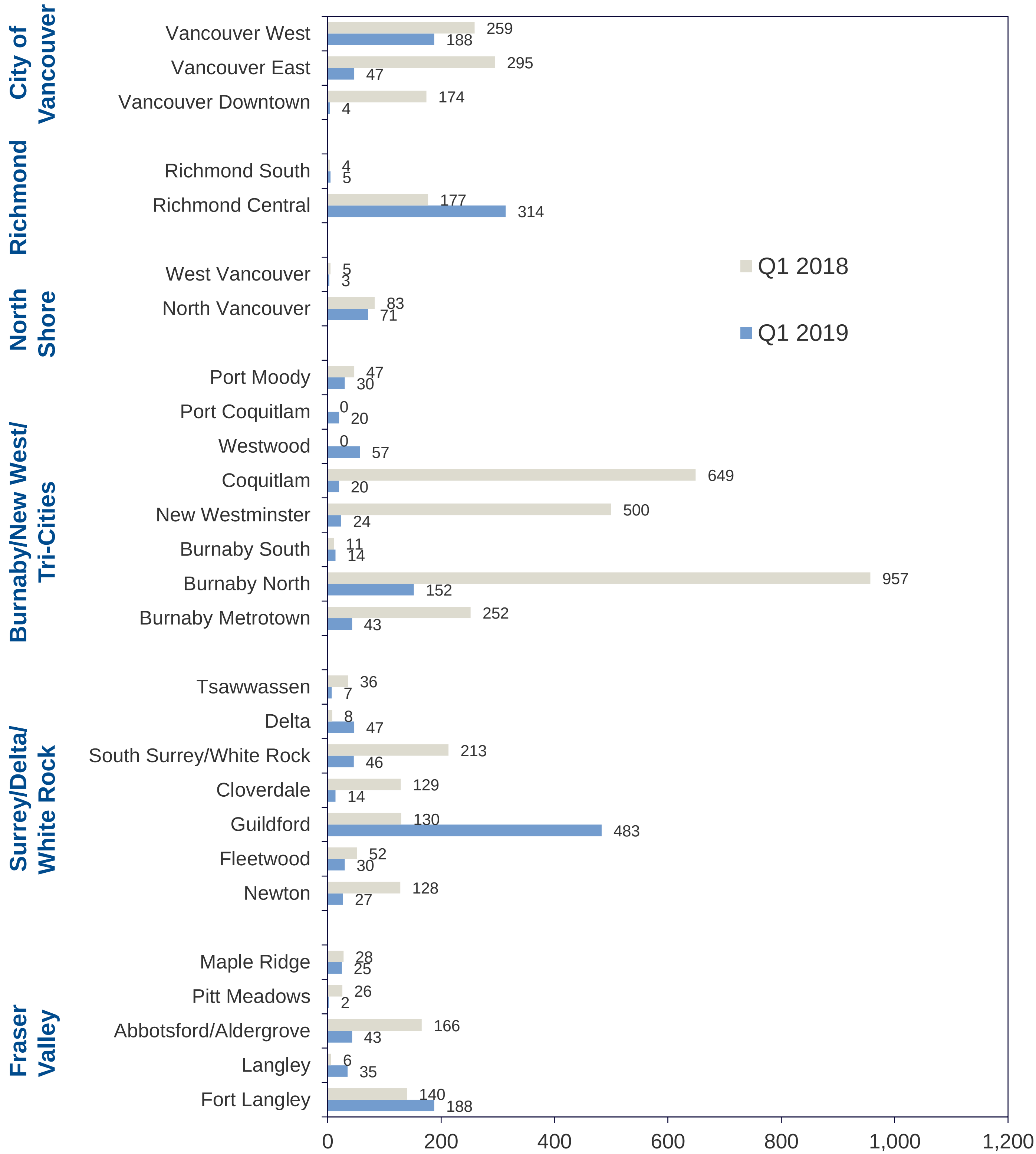


New Single-family Sales



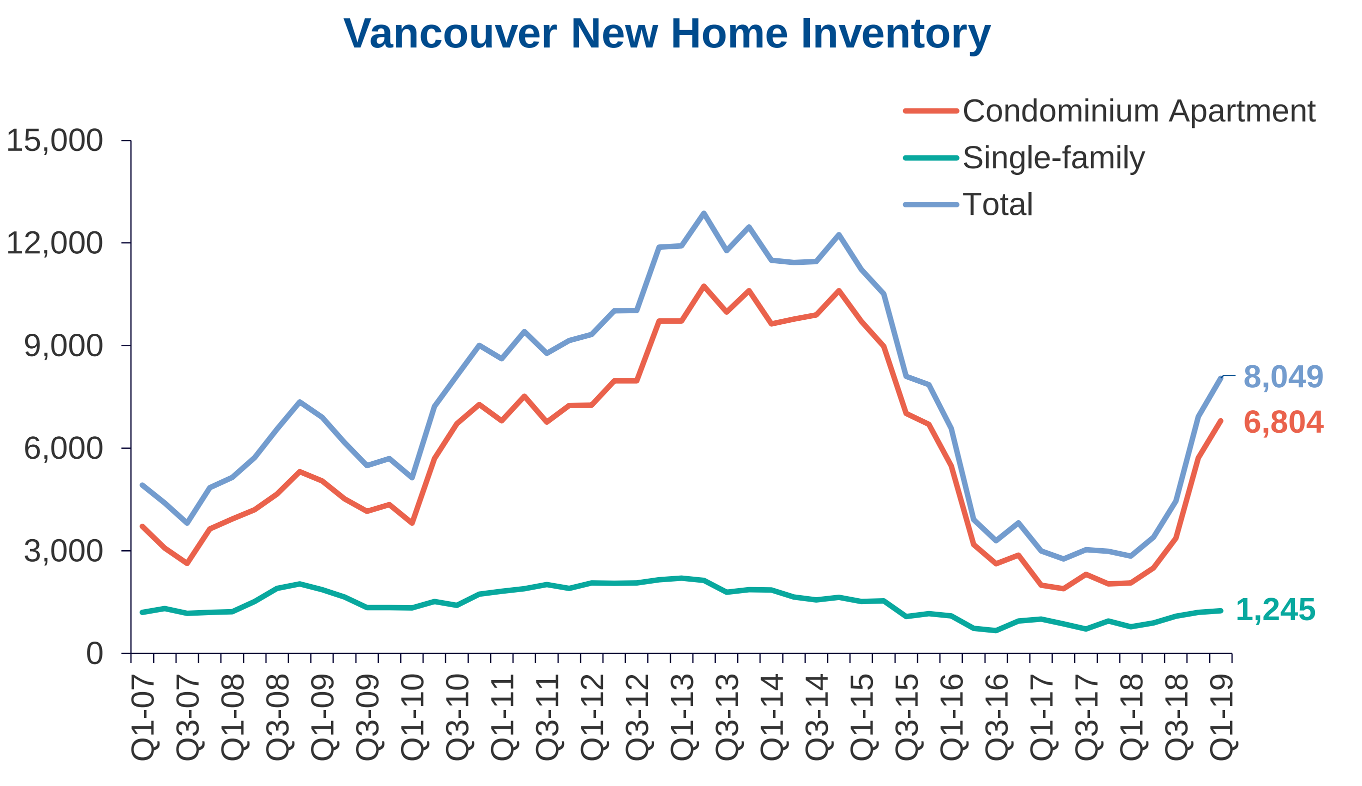
Source: Altus Group

Vancouver Total New Home Sales by Submarket



Source: Altus Group

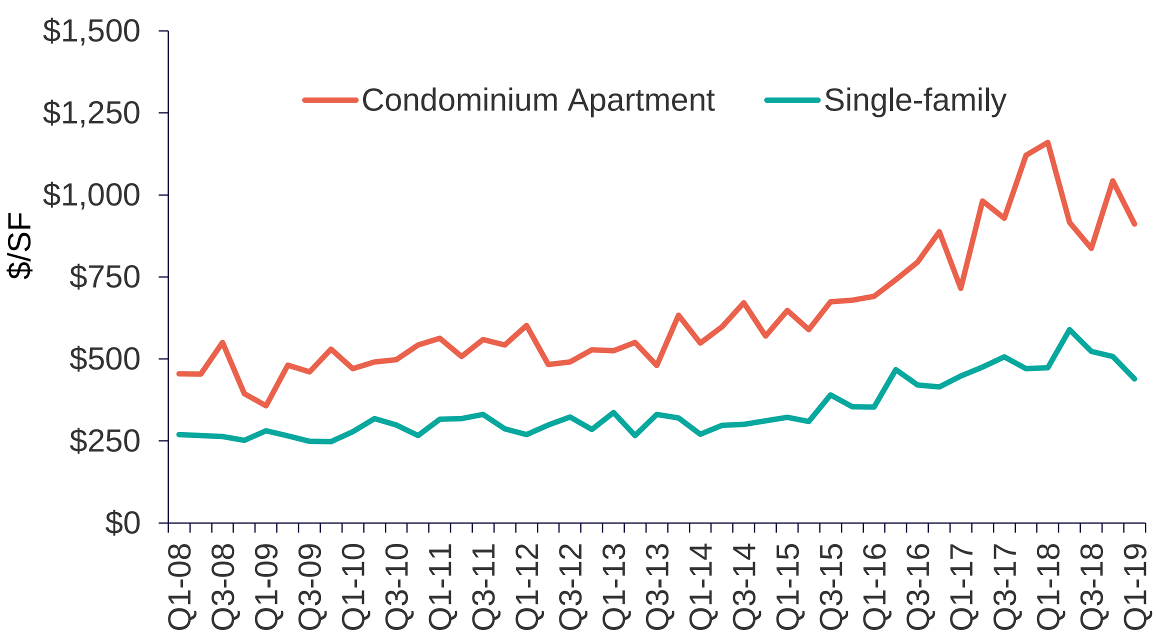
- **Total new home inventory available to purchase continued to grow in Q1 2019**, largely due to more new condominium apartment product coming to market at the same time as sales were slow.
- The available inventory is starting to return to historical norms, at **over 7 months of available condominium apartment inventory**, based on the average monthly pace of sales over the preceding 12 months. This is up markedly from under 2 months a year earlier, **and is closer to the average Q1 value of 9 months for the previous 10 years.**



Source: Altus Group

- Based on the average blended price per square foot at opening, **single-family new home prices decreased slightly in Q1 2019,** for the third consecutive quarter, and are down 7% from a year earlier.
- **After an increase in Q4 2018, average launch prices for new condominium apartments reversed down again to start 2019.** While the average price per square foot for a new condominium apartment at opening in Q1 2019 was down 21% from a year earlier, it was 27% higher than in Q1 2017.
- Note that these prices do not reflect constant quality product, but rather options available to purchase in newly opened projects.
- The dwindling inventory of product available to purchase in recent years had contributed to rapid price increases (*see charts next page).* But **increases in inventories more recently have gone hand-in-hand with price moderations**, although changes in location of new product have also played a role, as discussed later on.

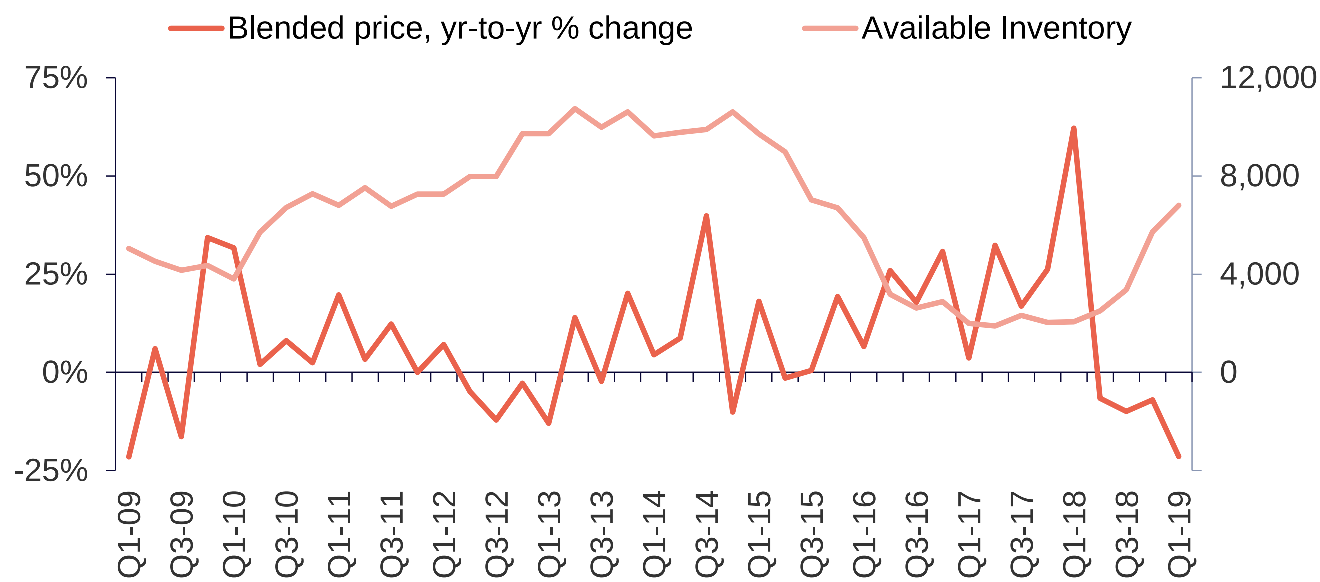
Vancouver New Home Blended Prices*



** See definitions page*

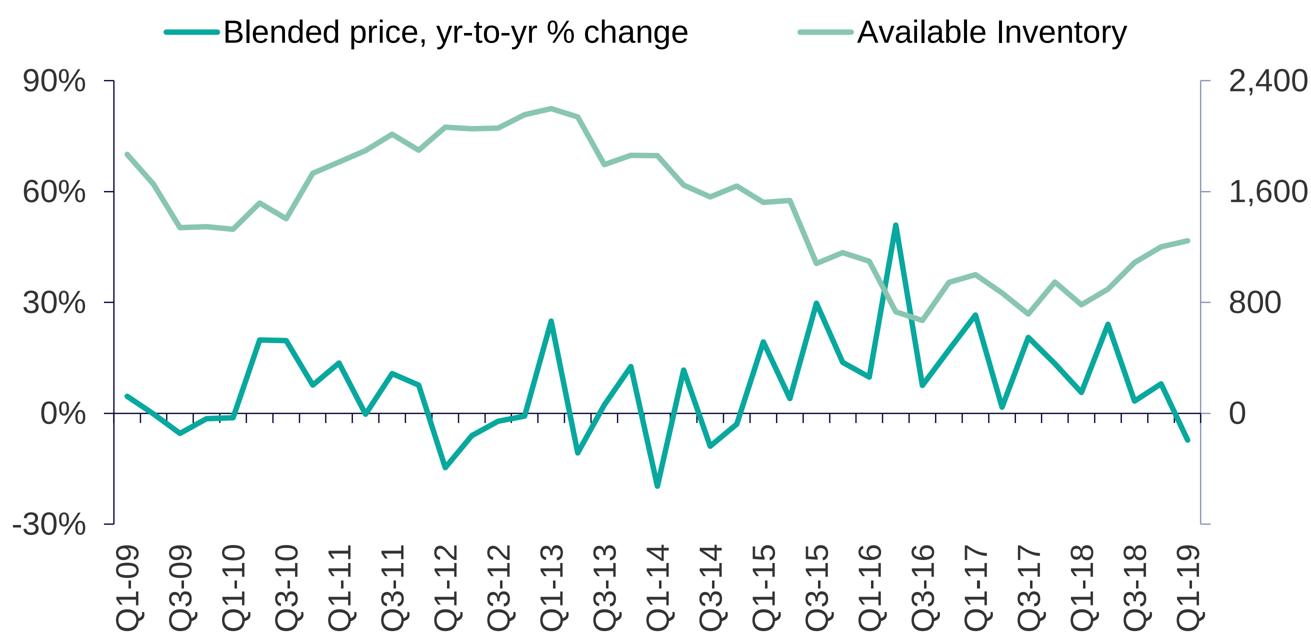
Source: Altus Group

Vancouver New Condominium Apartment Blended Price Changes by Opening Date and Available Inventory



Source: Altus Group

Vancouver New Single-family Blended Price Changes by Opening Date and Available Inventory

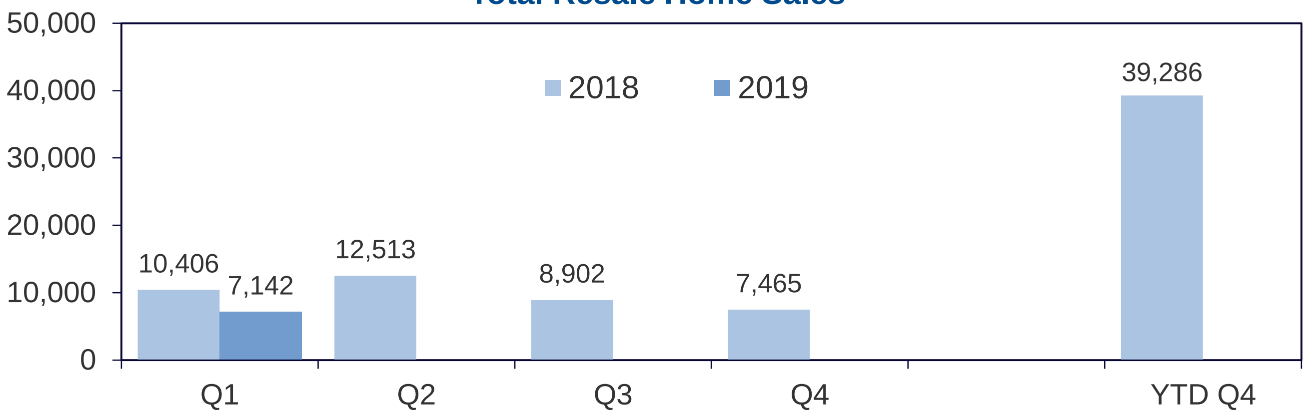


Source: Altus Group

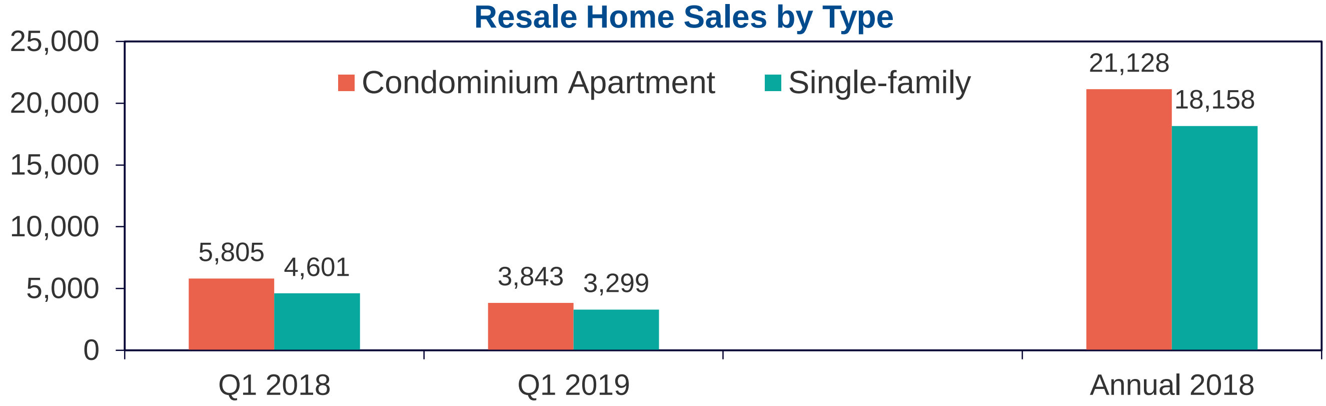
- **Total sales of existing homes** (as reported by The Real Estate Board of Greater Vancouver and The Fraser Valley Real Estate Board) **were down again in Q1 2019**, compared to both Q4 2018 and Q1 2018. Both single-family and condominium apartment resales contributed to the decline.
- While the total resale inventory (or "active listings") dipped in Q1 2019 compared to Q4 2018, it is up by 55% from a year earlier, with both single-family and condominium apartments contributing to the year-over-year increase (*chart next page*). This elevated resale inventory provides competition to the new home market.
- **The benchmark price for a resale home in Q1 2019 was below a year ago, and down from Q4 2018** (*chart next page, bottom*), based on MLS® Home Price Index data produced by Altus Group on behalf of the local real estate boards. Resale prices for both single-family and condominium apartments were down for three consecutive quarters from the record highs in the second quarter of 2018, a function of higher inventory levels and slower sales.

Vancouver Resale Home Sales

Total Resale Home Sales

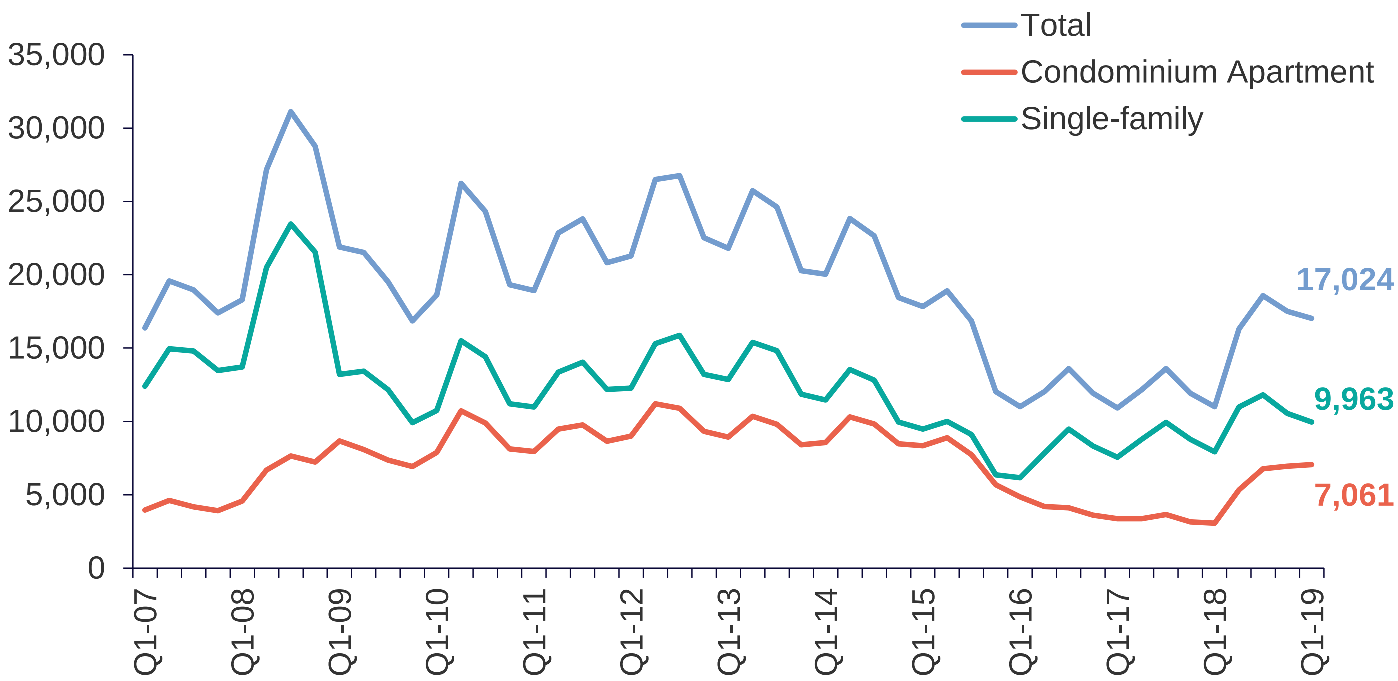


Resale Home Sales by Type



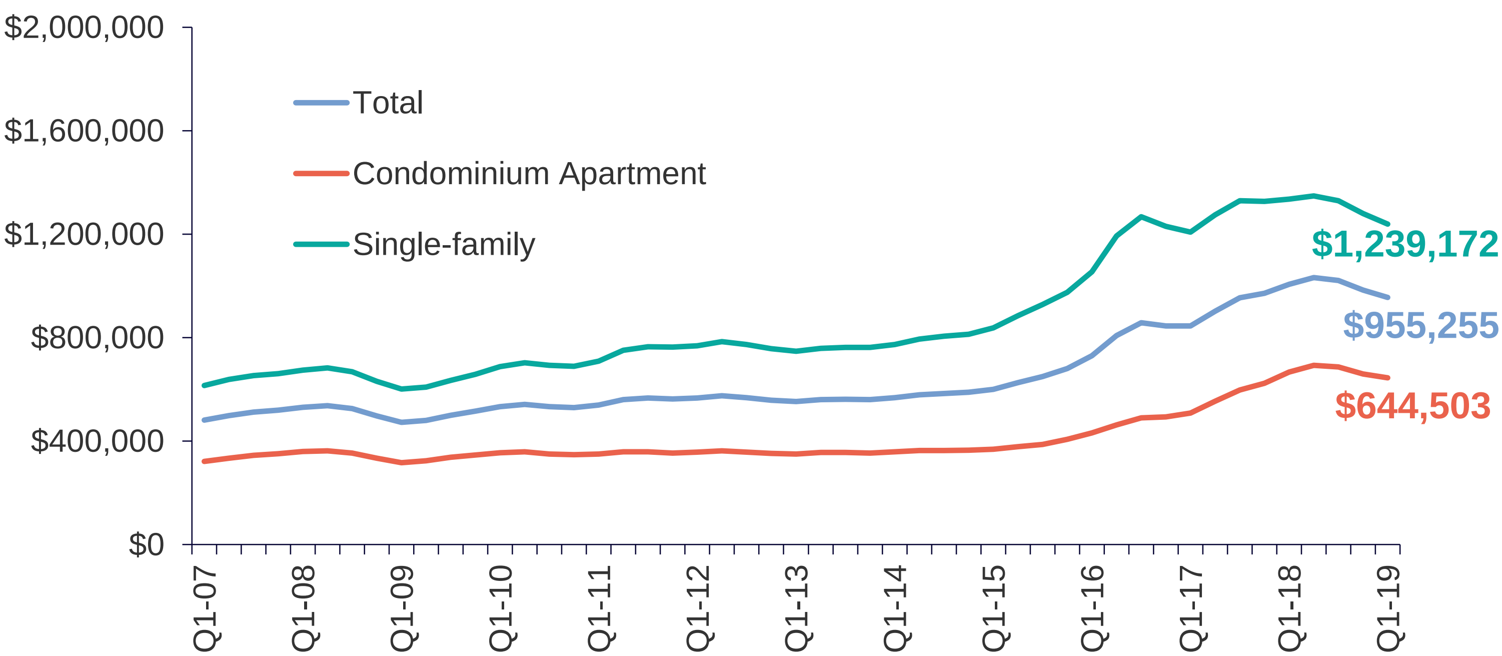
Source: Altus Group based on data from The Real Estate Board of Greater Vancouver and The Fraser Valley Real Estate Board

Vancouver Resale Home Inventory ("Active Listings")



Source: Altus Group based on data from The Real Estate Board of Greater Vancouver and The Fraser Valley Real Estate Board

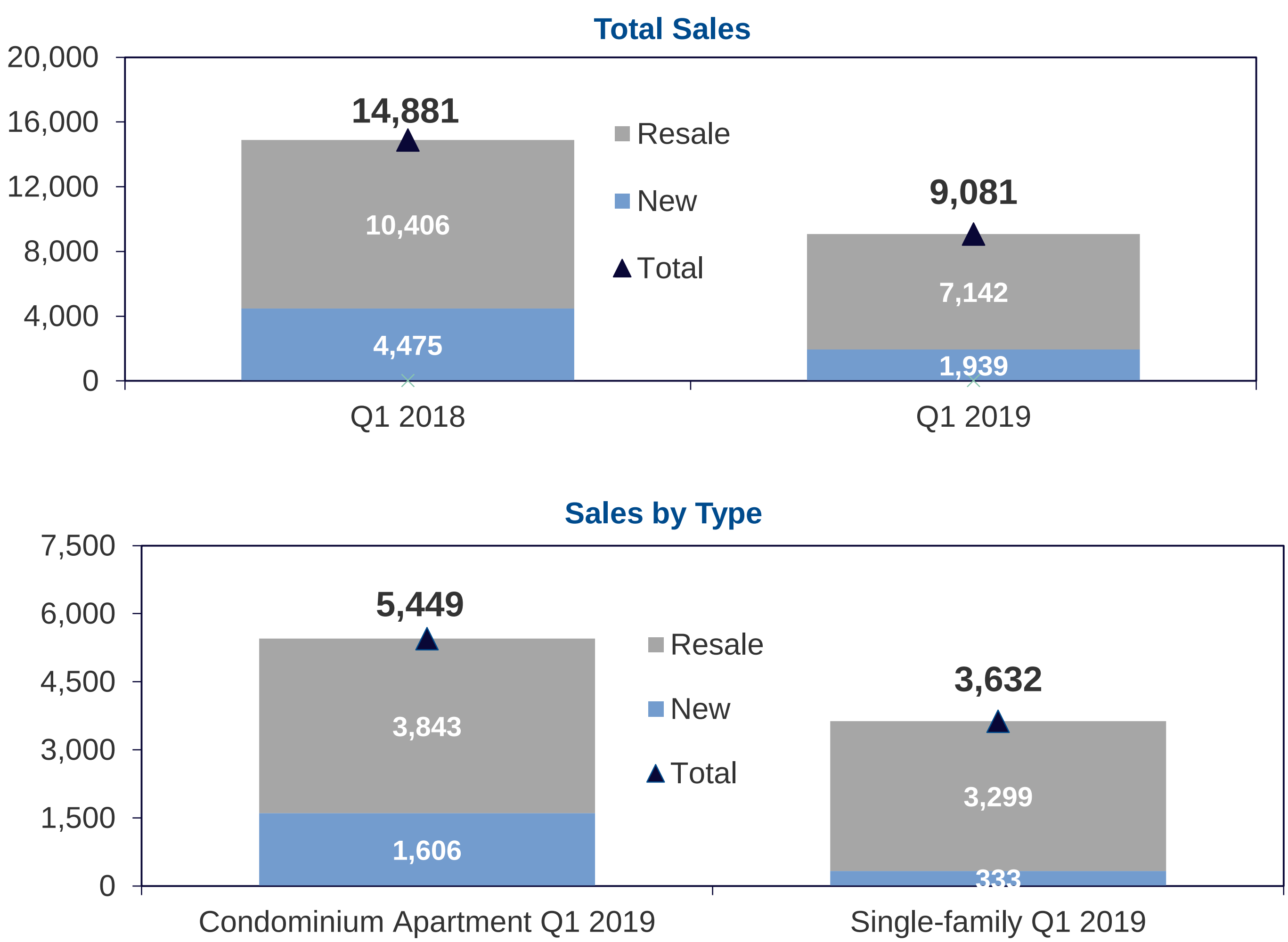
Vancouver Benchmark Resale Home Prices



Source: Altus Group based on MLS® Home Price Index for the Lower Mainland

- **Combined resale and new home sales,** as measured by The Real Estate Board of Greater Vancouver, The Fraser Valley Real Estate Board and Altus Group, **totaled just under 9,100 units in Q1 2019, down 39% from Q1 2018**. Both the new and resale sectors contributed to the decline, although the drop has been more pronounced for the new home sector (-57% vs. -31%).
- **About 1 in 5 home sales in Q1 2019 were new homes in projects of 20 or more units**. The ratios however are quite different for single-family homes, with new accounting for about 1 in 11 sales in Q1 2019, and condominium apartments, where about 1 out of 3 sales were new condos.

Vancouver Combined New & Resale Home Sales

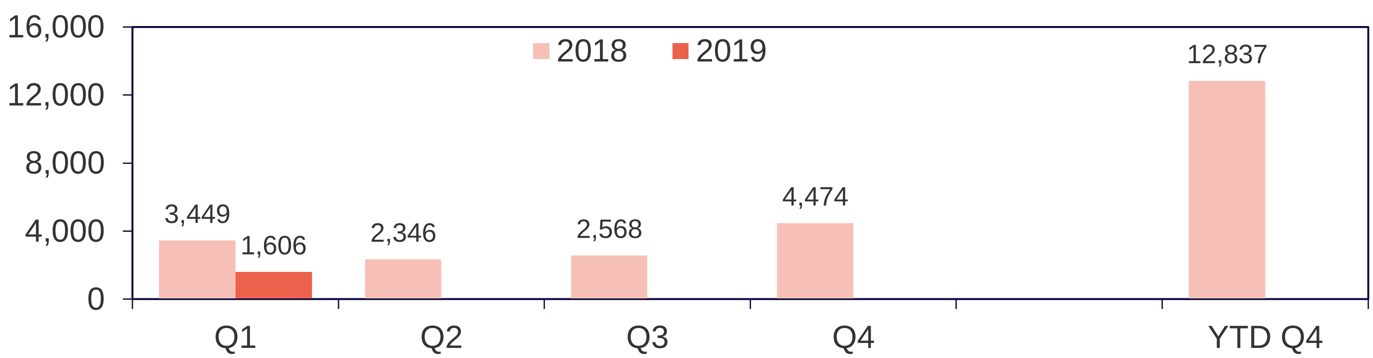


Source: Altus Group, The Real Estate Board of Greater Vancouver and The Fraser Valley Real Estate Board data

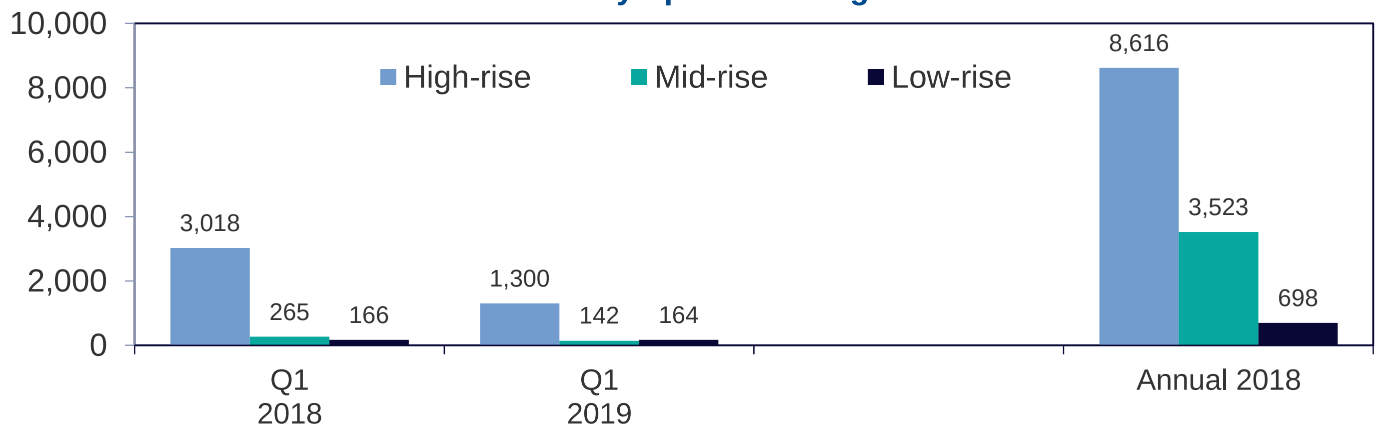
- **New condominium apartment sales in Q1 2019 were down 53% from a year earlier.** Sales were also down significantly compared to Q4 2018, and reached their lowest level since Q1 2013. Fewer launches played a role, but it also appears some potential buyers are taking a "wait and see" approach with respect to prices. And, with plenty of supply available relative to the last 2 years, and incentives becoming more common, end-user buyers are out shopping, but in no rush to pull the trigger. At the same time, some sites are reporting investor activity has dropped.
- **The bulk of the decline in new condominium apartment sales came from the Burnaby/New Westminster/Tri-Cities subarea in Q1 2019** (*chart next page*), which slowed down after a very active 2018. A number of other subareas saw moderate increases in Q1 2019, but not enough to offset the decline in Burnaby/New Westminster/Tri-Cities and City of Vancouver.
- Within the Burnaby/New Westminster/Tri-Cities subarea, Coquitlam, New Westminster, Burnaby North and Burnaby Metrotown all saw significant year-over-year declines (*chart on page after next page*). Guildford bucked the trend, however, and posted a significant increase in the first quarter of 2019.

Vancouver New Condominium Apartment Sales

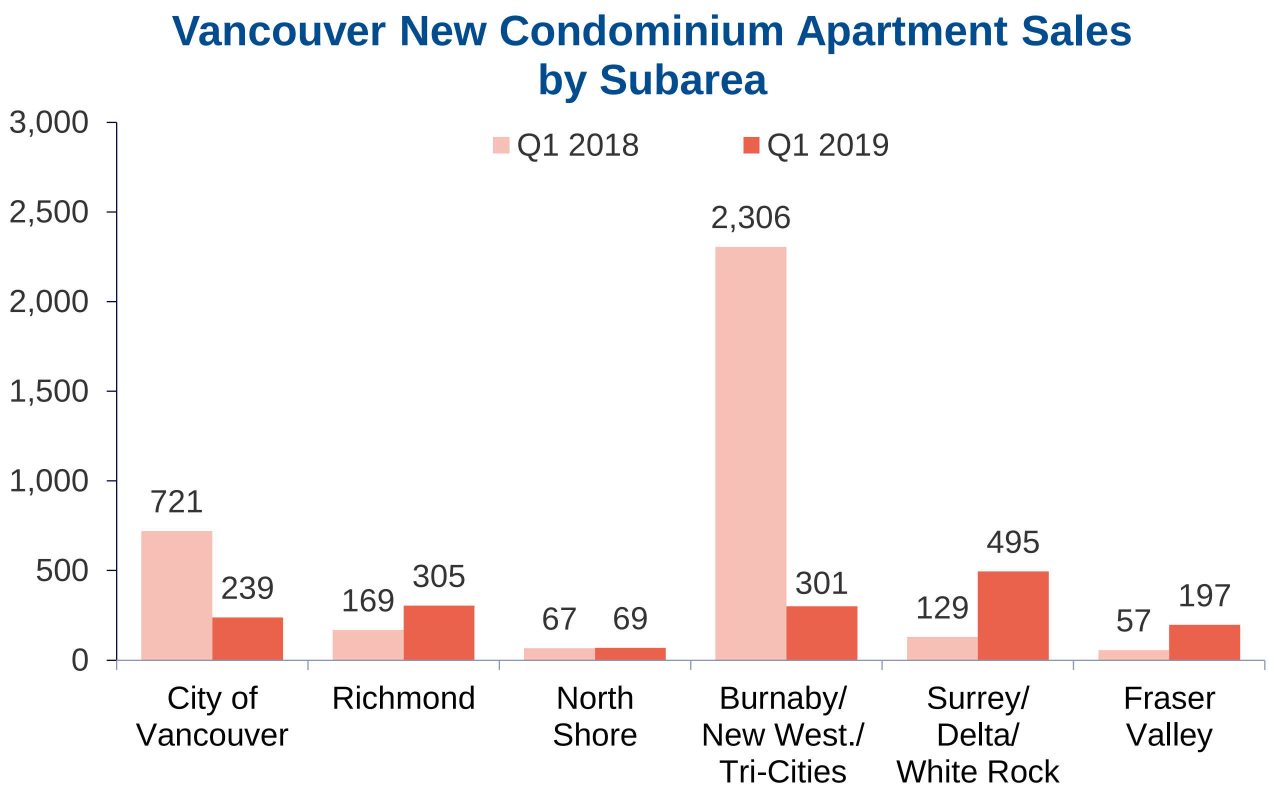
Total Sales

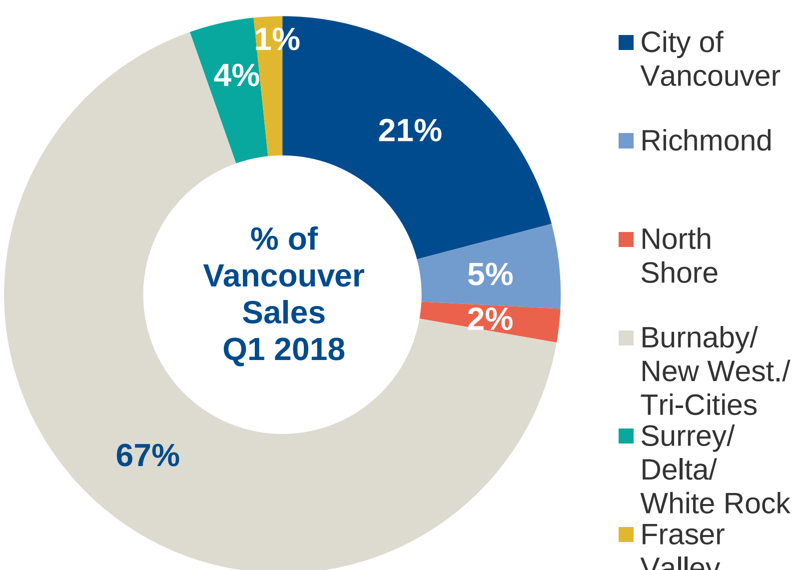


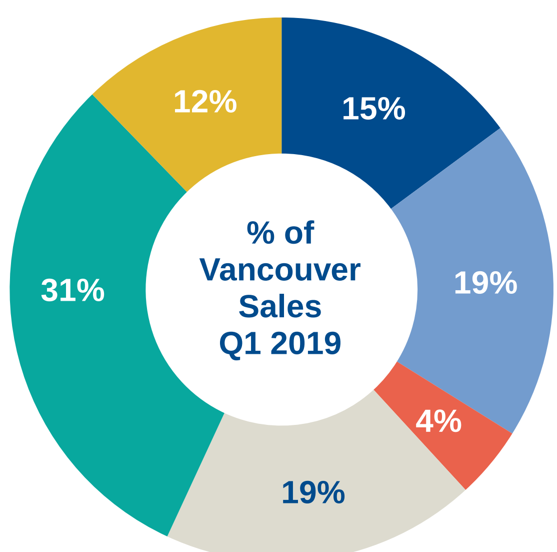
Sales by Apartment Segment



Source: Altus Group



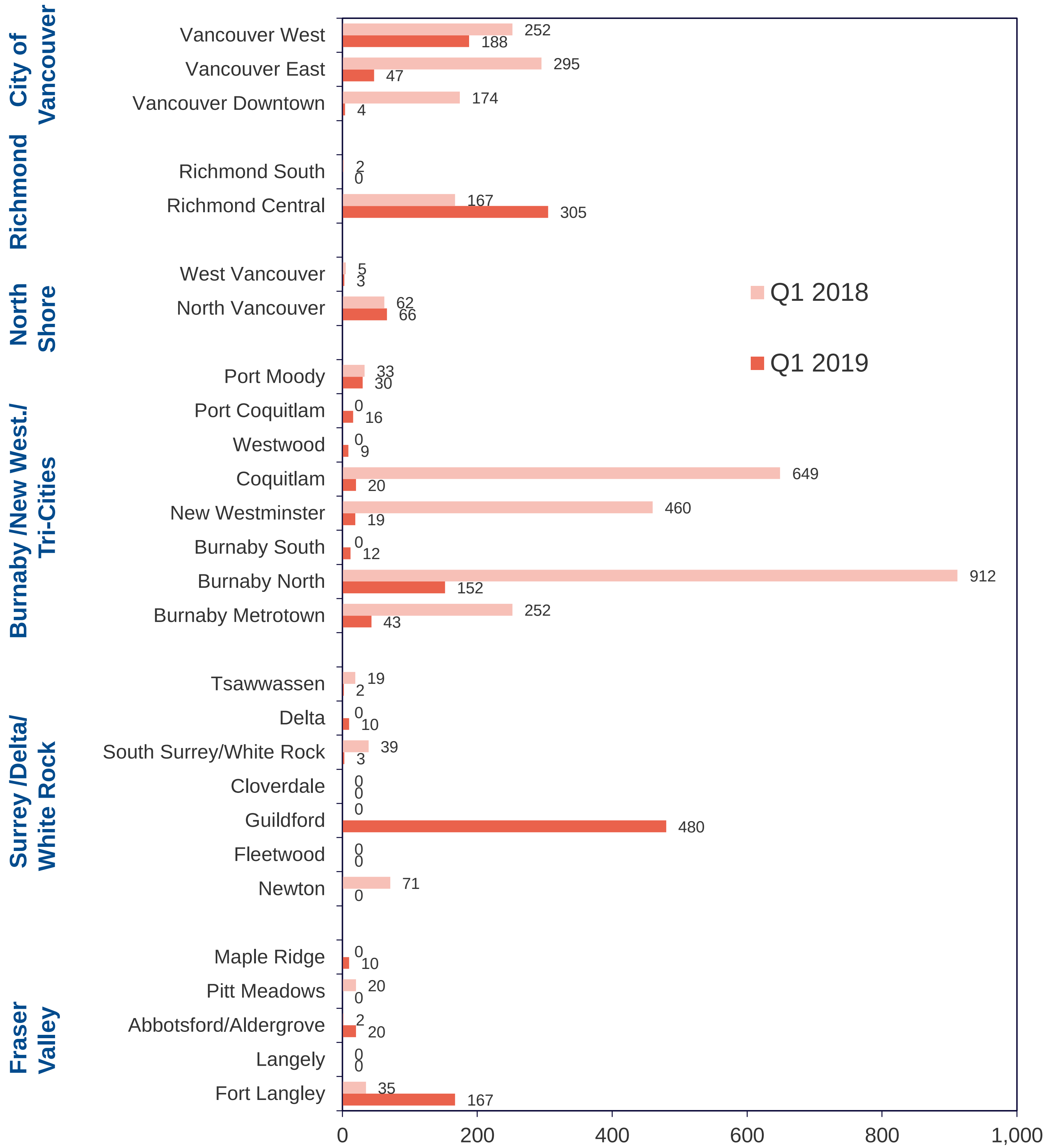




Source: Altus Group

Altus Group

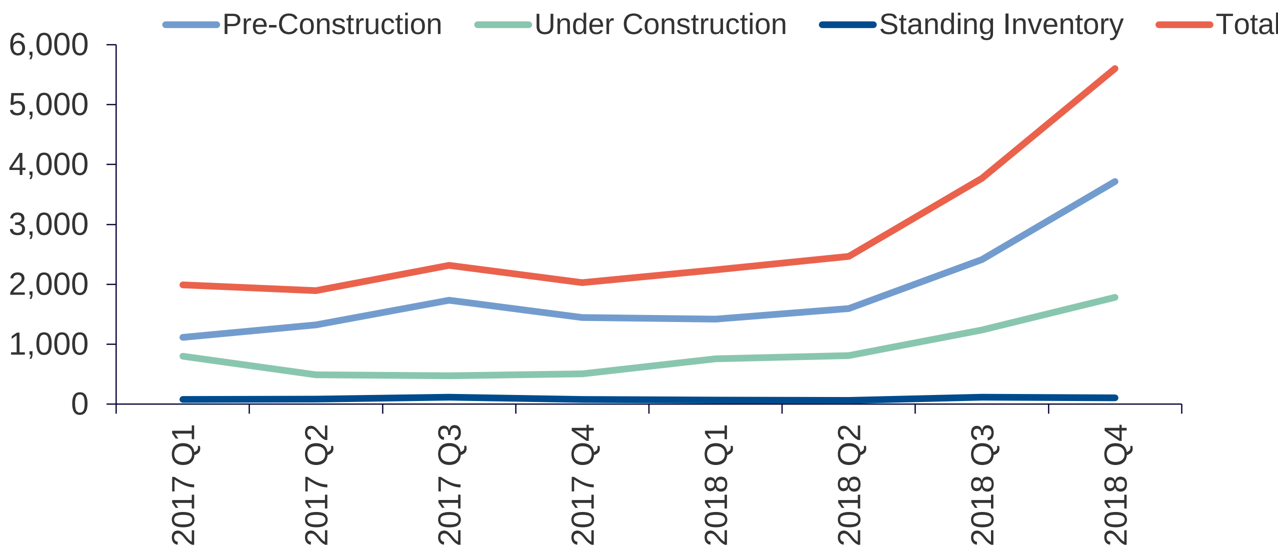
Vancouver New Condominium Apartment Sales by Submarket



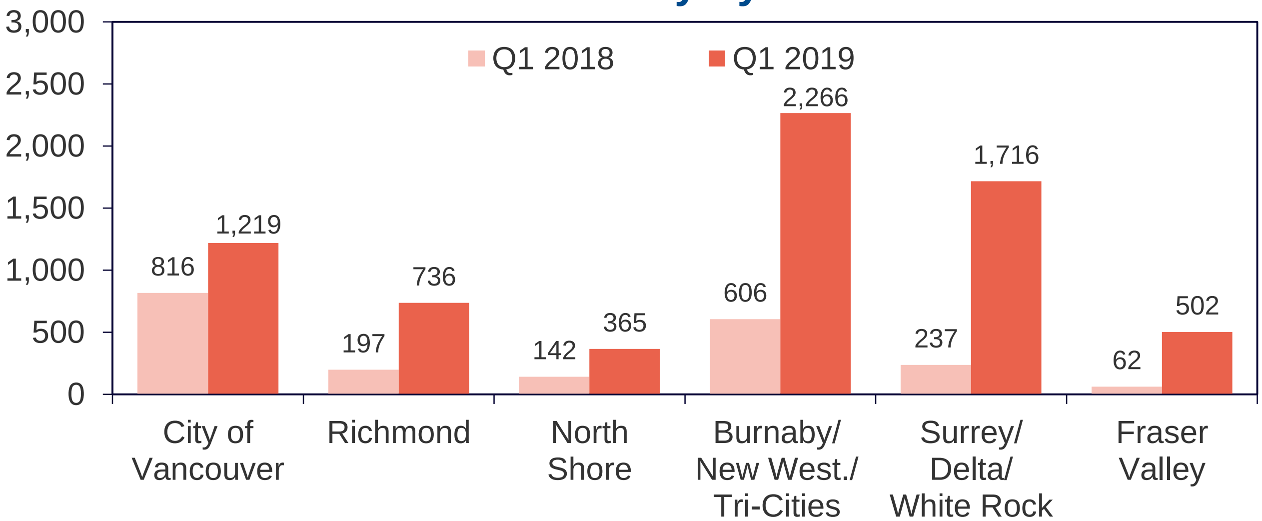
Source: Altus Group

- **As discussed earlier, total new condominium apartment available inventory increased again** in Q1 2019.
- Two-thirds of the total inventory is in pre-construction projects, and most of the remainder is in projects under construction. **There are very few units available to purchase in standing inventory** (i.e. units not yet sold in completed projects).
- All of the subareas had higher inventory levels at the end of Q1 2019 compared to a year earlier.

Vancouver New Condominium Apartment Inventory

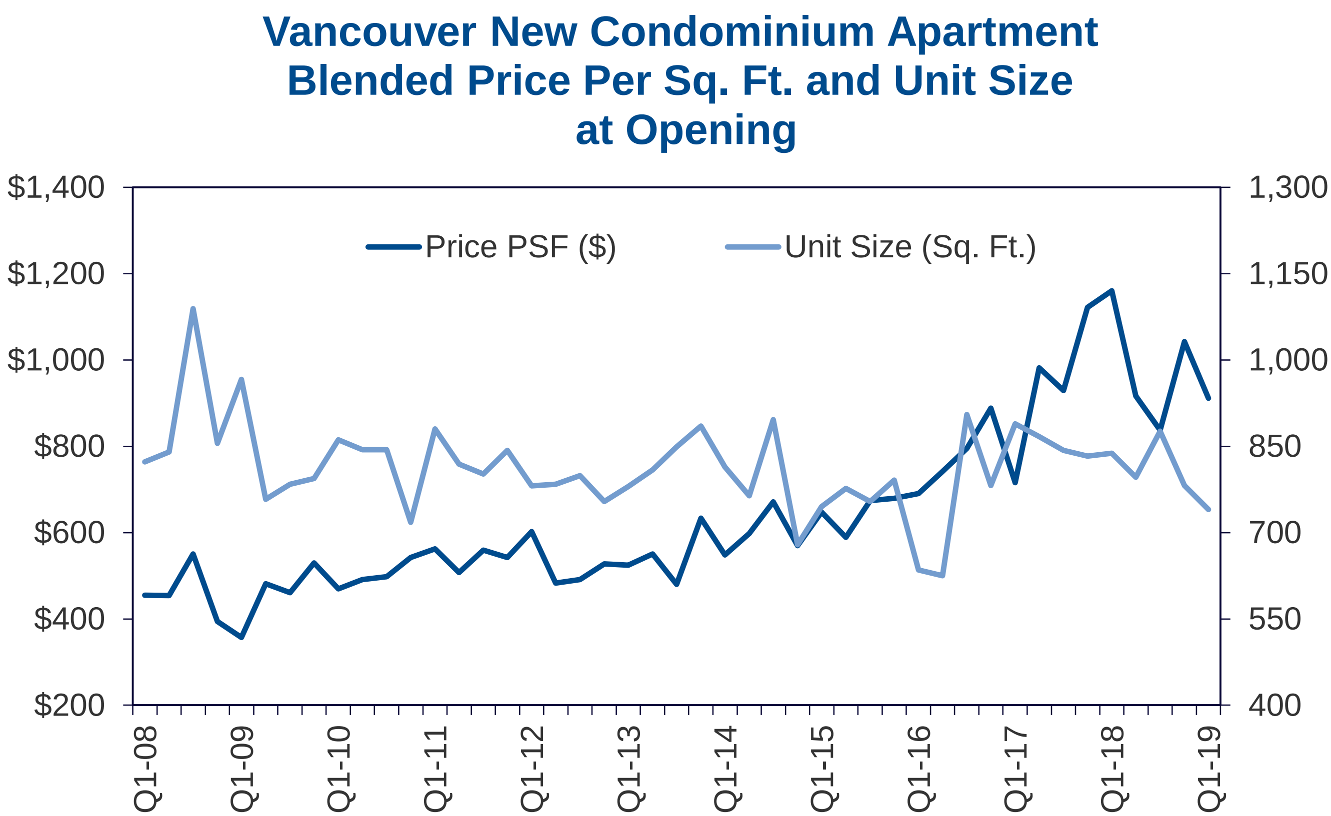


Vancouver New Condominium Apartment Inventory by Subarea



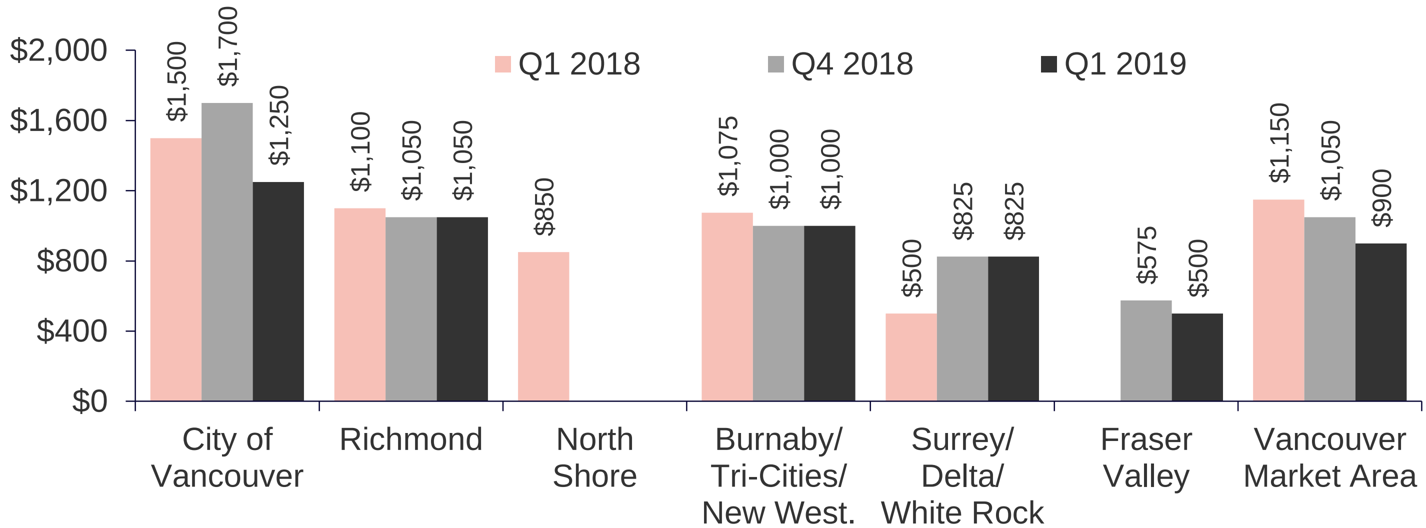
Source: Altus Group

- The **price per square foot for available new condominium apartments at launch** *(see definitions page)* **was down again in Q1 2019, after the spike in Q4 2018** and was 21% lower than last year.
- Caution needs to be used in interpreting the price per sq. ft. data, as smaller unit sizes on average have higher prices per sq. ft. Therefore, a decline in price per sq. ft. could reflect both "pure" price decreases, as well as increases in average size of units launched - and, of course, location shifts. In Q1, the decline in price per sq. ft. was not related to larger unit sizes – in fact, the average unit size for new openings decreased in Q1 2019 for the second consecutive quarter. Rather, **the lower average price PSF in Q1 compared to Q4 2018 appears to reflect relatively more affordable product launched in suburban areas and lower prices for product launched in the City of Vancouver** (*charts next page*).



Source: Altus Group

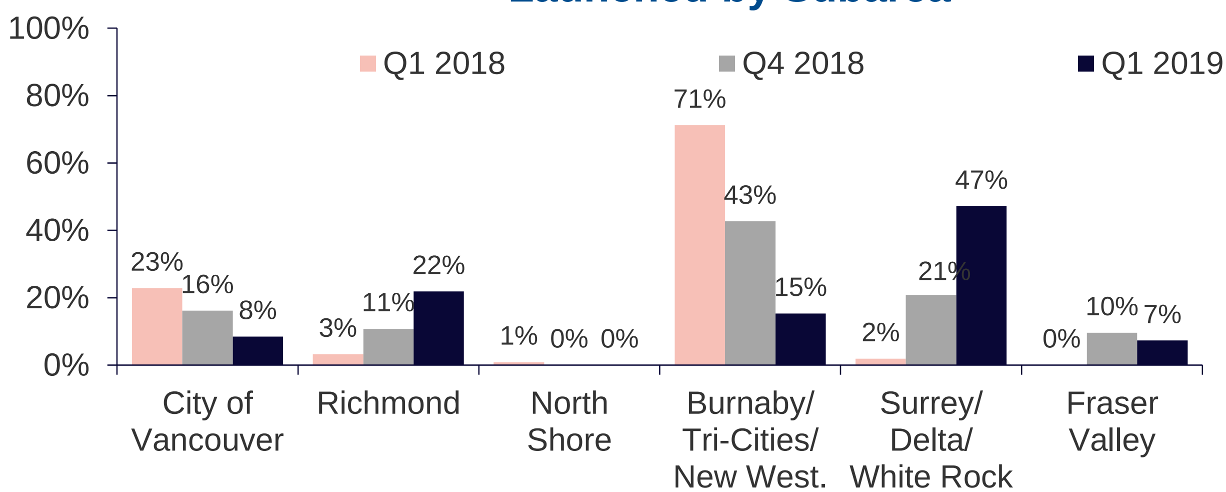
New Condominium Apartment Launch $PSF* by Subarea



* Round to the nearest $25

Source: Altus Group

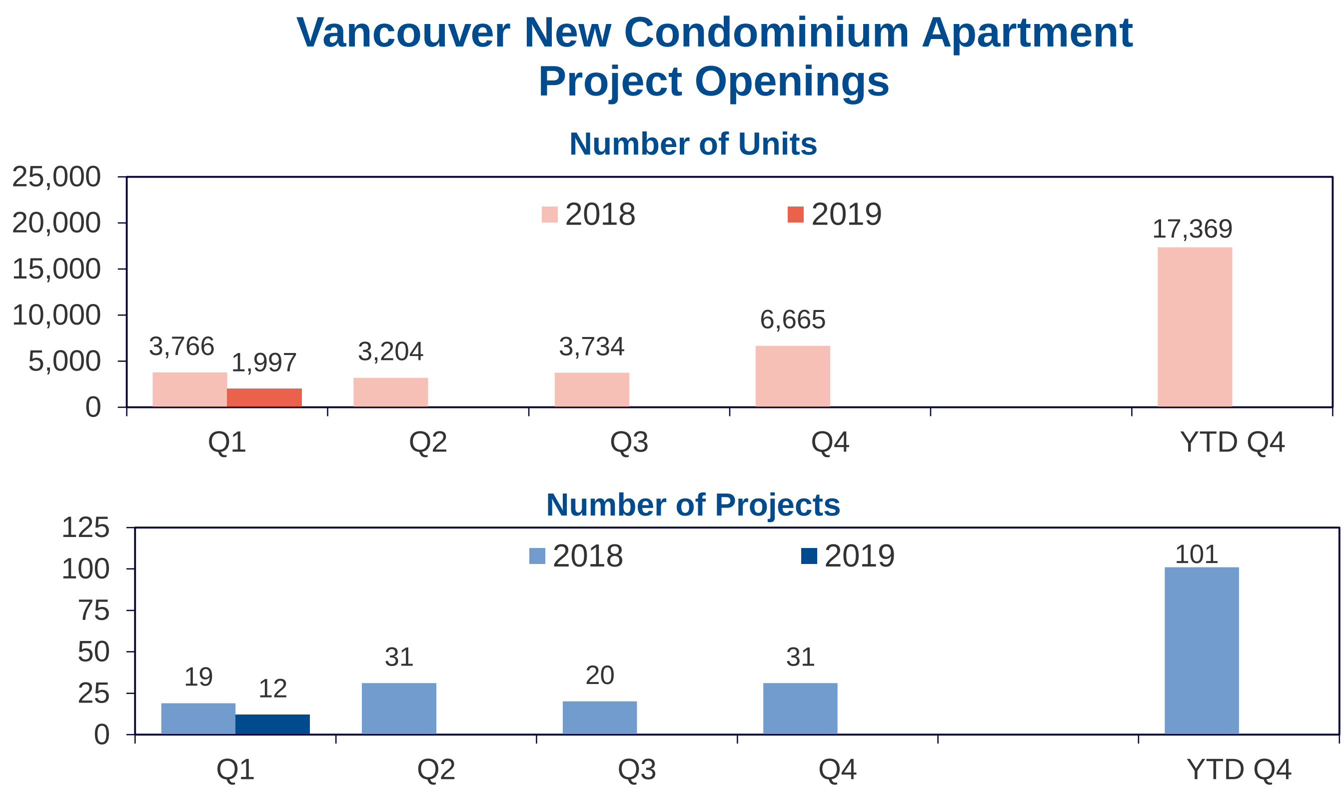
Units in New Condominium Apartment Projects Launched by Subarea



Source: Altus Group

New Condominium Apartments - Openings

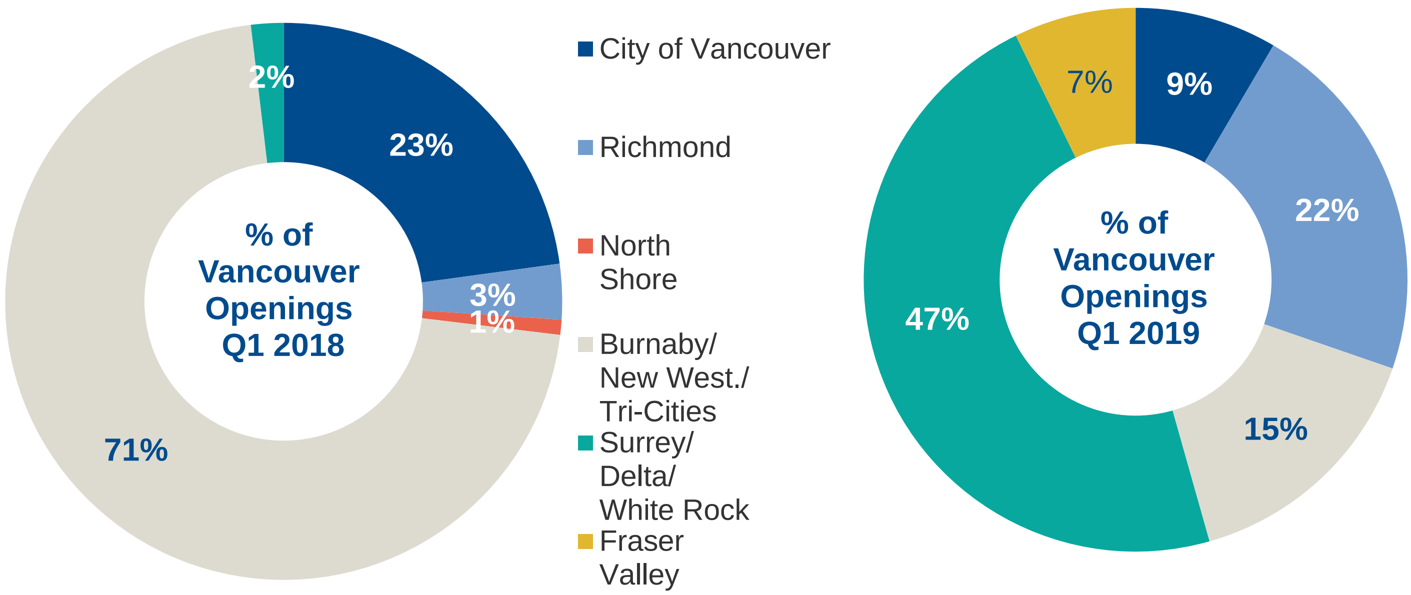
- **There were 12 new condominium apartment projects opened in the Vancouver Market Area in Q1 2019.** The almost 2,000 units in new projects opened in Q1 2019 was down sharply from the record high number of units opened in Q4 2018, and was 47% fewer than a year earlier.
- **Sales were slower at projects opening in Q1, with 35% of released units sold by the end of Q1** (for Q4 2018 openings, the proportion was about half). For projects opened earlier in the quarter (January and February), still less than half of released units had been sold by the end of Q1.
- Openings by subarea and bedroom type are shown on the next page.
- Following the next page are maps showing the location of new projects launched in January, February and March, accompanied by summary tables with additional detail on each project. *Note that the unit type information coverage may vary; for some projects, it includes unreleased units, while for others it excludes unreleased units.*
- *Note: clicking on the "project record" link in the summary tables will take logged-in Altus Group RealNet Vancouver Residential New Homes module subscribers directly to the full on-line record for that project; as the on-line record becomes updated, specific data may be more up-to-date than information contained in the report here.*



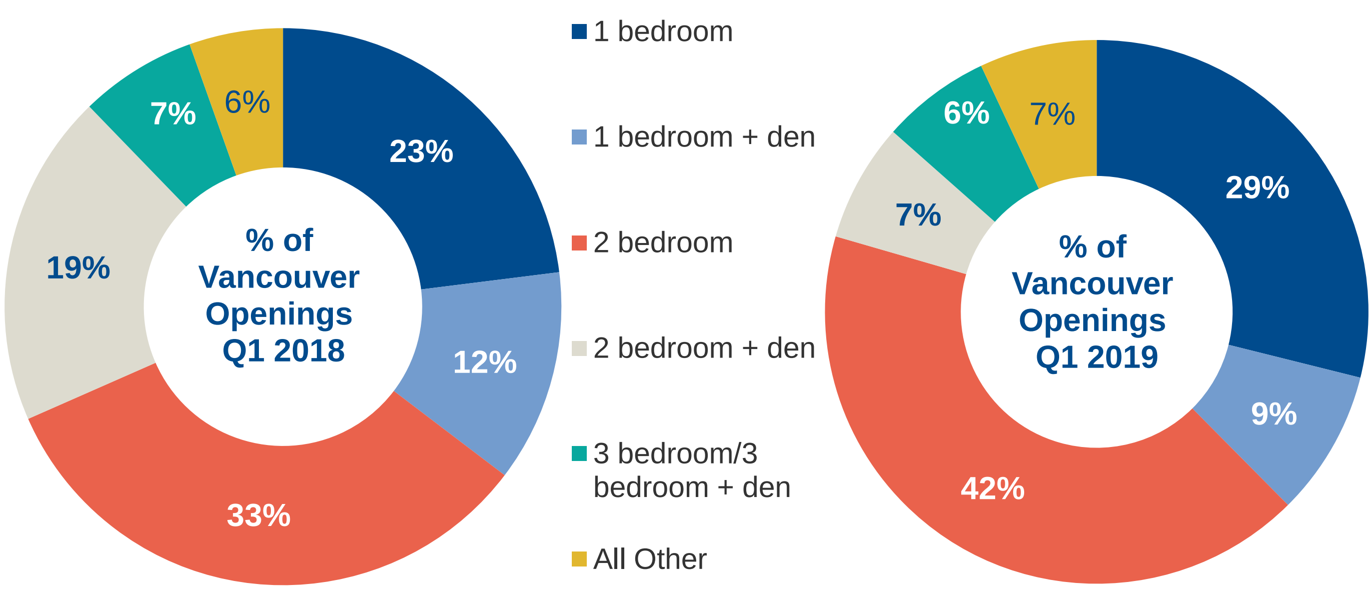
Source: Altus Group

New Condominium Apartments - Openings

Vancouver Condominium Apartment Units in New Openings by Subarea



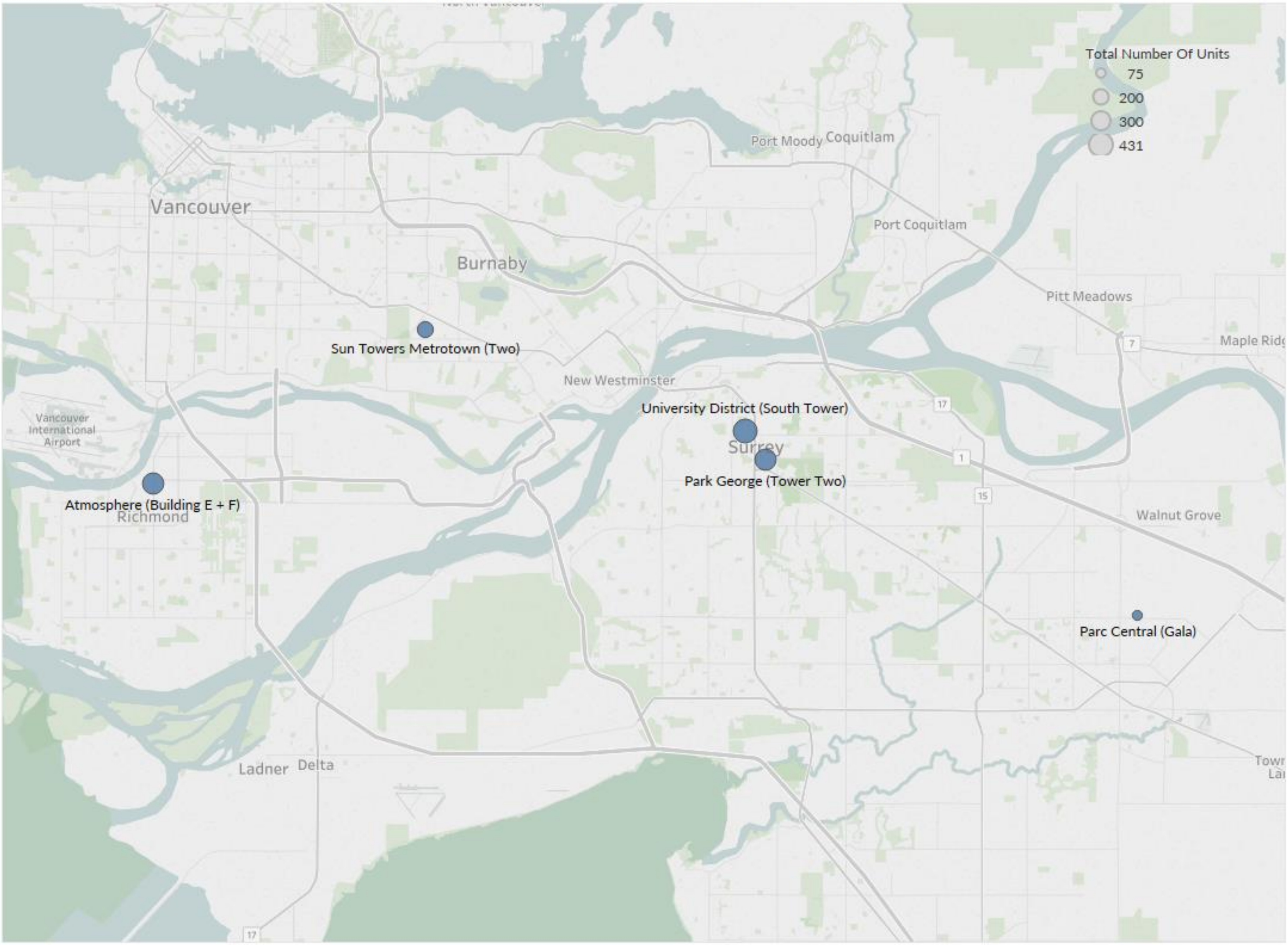
Vancouver Condominium Apartment Units in New Openings by Bedroom Type



Source: Altus Group

New Condominium Apartments - Openings

January 2019 New Project Launches by Number of Units



Source: Altus Group

New Condominium Apartments - Openings

AltusGroup

Project Record	Atmosphere (Building E + F)	Parc Central (Gala)	Park George (Tower Two)	Sun Towers Metrotown (Two)	University District (South Tower)

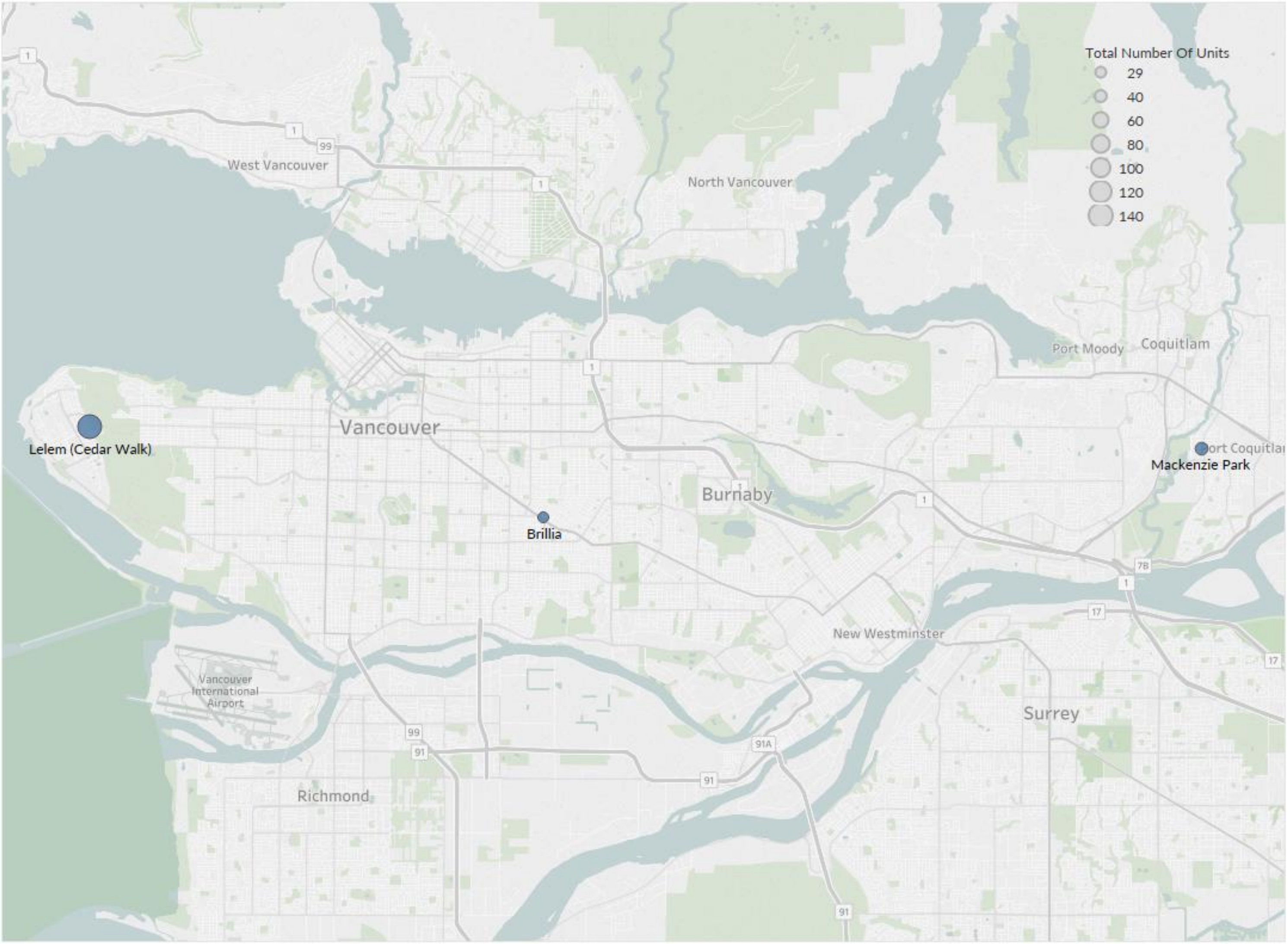
New Condominium Apartment Project Openings - January 2019

Project Name	**Atmosphere (Building E + F)**	**Parc Central (Gala)**	**Park George (Tower Two)**	**Sun Towers Metrotown (Two)**	**University District (South Tower)**
Developer	South Street Development	Essence Properties Inc	Concord Pacific	Belford Properties	BlueSky Properties
Date Opened	2019-01-16	2019-01-21	2019-01-14	2019-01-22	2019-01-19
Subarea	Richmond	Fraser Valley	Surrey / Delta / White Rock	Burnaby / New Westminster / Tri-Cities	Surrey / Delta / White Rock
Submarket	Richmond Central	Fort Langley	Guildford	Burnaby Metrotown	Guildford
Project Type	High Rise	Low Rise	High Rise	High Rise	High Rise
Construction Type	Concrete	Wood Frame	Concrete	Concrete	Concrete
Floors	14	4	36	26	38
Project Total Units	**319**	**75**	**343**	**194**	**431**
Total Units Released	**281**	**75**	**343**	**194**	**431**
Unit Type (see note in text)					
Studio	-	-	-	-	34
1 bedroom	78	23	208	46	107
1 bedroom + den	7	-	-	46	70
2 bedroom	139	52	105	46	203
2 bedroom + den	35	-	-	23	-
3 bedroom & up	22	-	20	23	-
Penthouse	-	-	4	4	6
Other	-	-	6	6	11
Opening quarter sales	**240**	**23**	**103**	**20**	**151**
% Sold	*85%*	*31%*	*30%*	*10%*	*35%*
Remaining inventory	41	52	240	174	280
Blended $PSF	$1,050	$530	$868	$1,145	$830
Minimum Size (sq. ft.)	521	537	529	580	436
Maximum Size (sq. ft.)	1,141	1,046	1,708	1,604	1,478
Minimum Price	$621,900	$314,900	$429,900	$628,800	$359,900
Maximum Price	$1,244,900	$504,900	$1,019,900	$2,000,900	$859,900
Notes			Townhouse units are included in Other	Townhouse units are included in Other	Townhouse units are included in Other

Source: Altus Group

New Condominium Apartments - Openings

February 2019 New Project Launches by Number of Units



Source: Altus Group

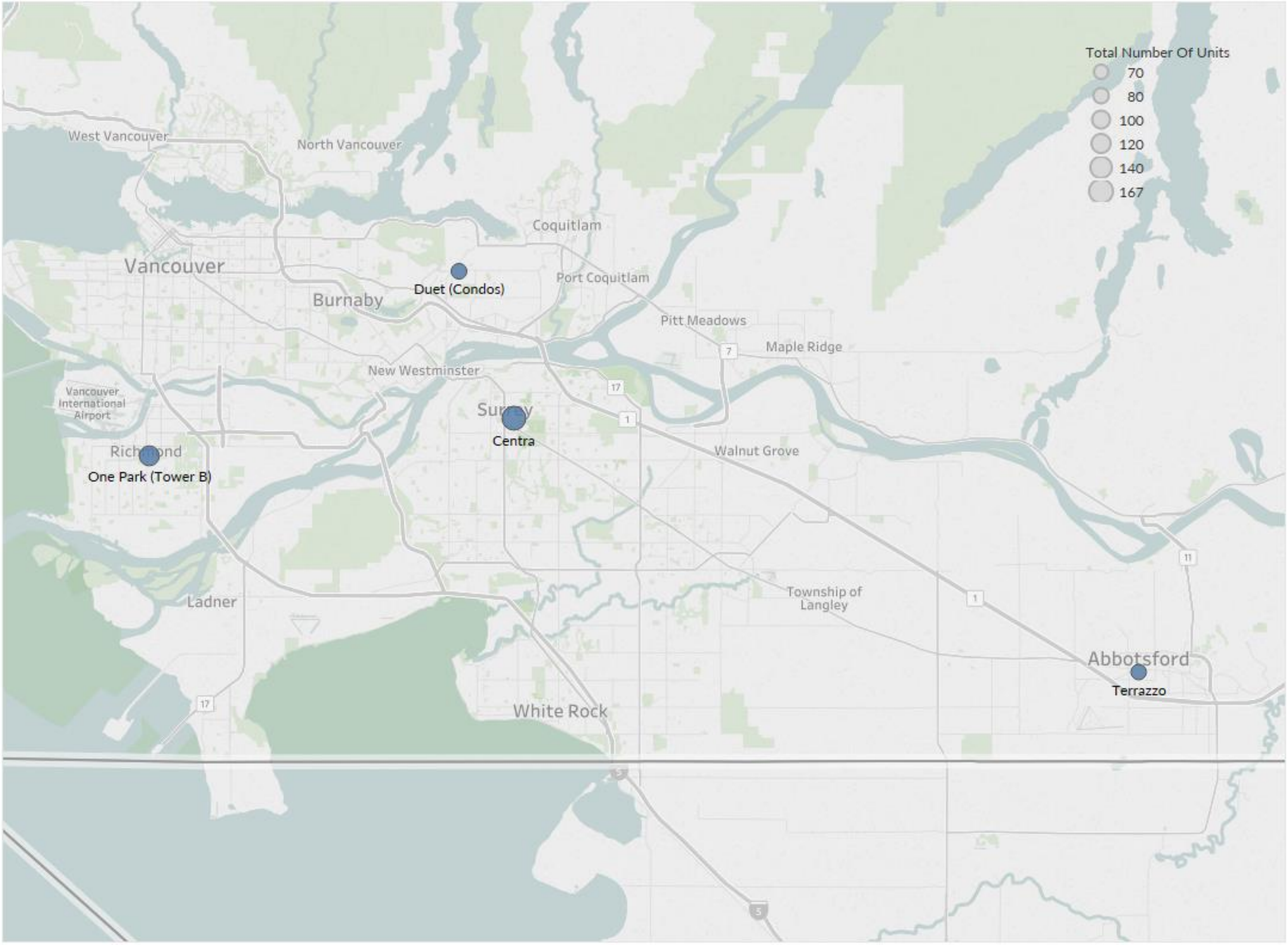
Project Record	Brillia	Lelem (Cedar Walk)	Mackenzie Park

New Condominium Apartment Project Openings - February 2019

Project Name	Brillia	Lelem (Cedar Walk)	Mackenzie Park
Developer	Benest Homes	Polygon Homes	Redekop Development Corportation
Date Opened	2019-02-09	2019-02-02	2019-02-23
Subarea	City of Vancouver	City of Vancouver	Burnaby / New Westminster / Tri-Cities
Submarket	Vancouver Eastside	Vancouver Westside	Port Coquitlam
Project Type	Low Rise	High Rise	Low Rise
Construction Type	Wood Frame	Concrete	Wood Frame
Floors	4	18	4
Project Total Units	**29**	**140**	**40**
Total Units Released	**29**	**140**	**40**
Unit Type (see note in text)			
Studio	-	-	7
1 bedroom	-	30	3
1 bedroom + den	6	-	-
2 bedroom	-	94	-
2 bedroom + den	19	-	30
3 bedroom & up	4	-	-
Penthouse	-	4	-
Other	-	12	-
Opening quarter sales	**10**	**63**	**15**
% Sold	*34%*	*45%*	*38%*
Remaining inventory	19	77	25
Blended $PSF	$850	$1,335	$635
Minimum Size (sq. ft.)	494	560	448
Maximum Size (sq. ft.)	1,461	2,080	1,188
Minimum Price	$469,800	$768,800	$329,900
Maximum Price	$1,238,900	$3,999,900	$764,900
Notes		Townhouse units are included in Other	

Source: Altus Group

March 2019 New Project Launches by Number of Units



Source: Altus Group

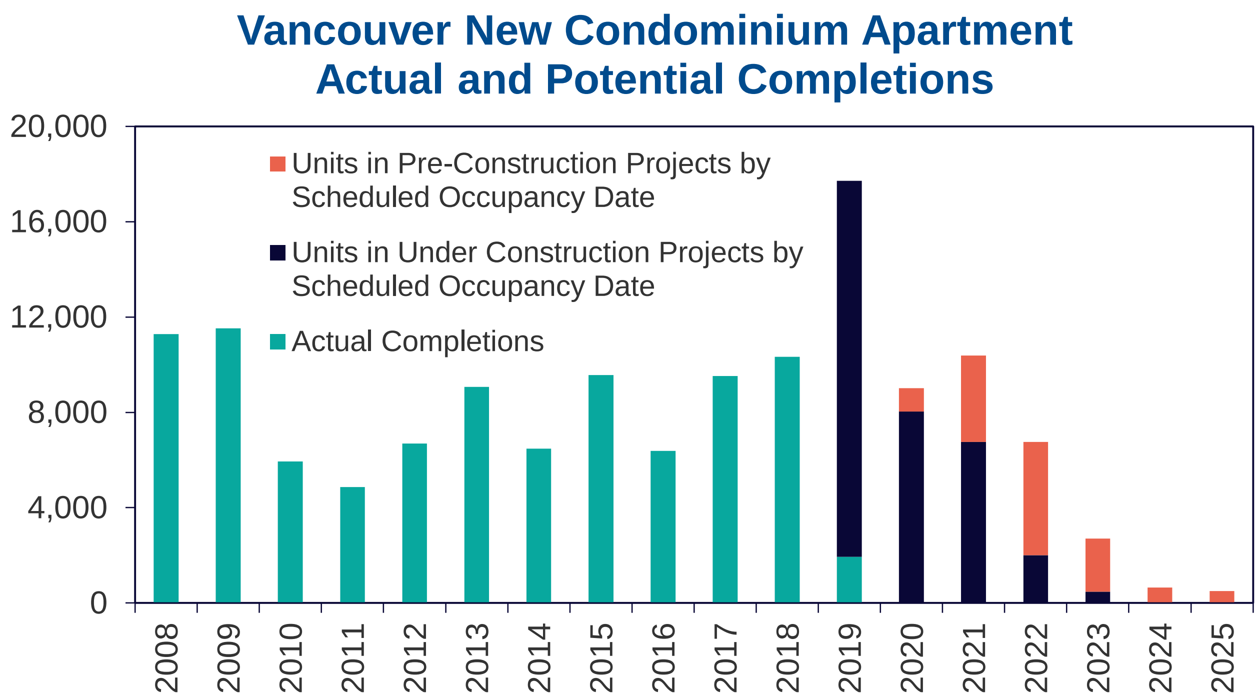
New Condominium Apartments - Openings

Project Record   Centra   Duet (Condos)   One Park (Tower B)   Terrazzo

New Condominium Apartment Project Openings - March 2019				
Project Name	**Centra**	**Duet (Condos)**	**One Park (Tower B)**	**Terrazzo**
Developer	Everest Group of Companies	Adera	Grand Long Holdings Canada Ltd.	Bianco Developments Ltd
Date Opened	2019-03-14	2019-03-28	2019-03-16	2019-03-09
Subarea	Surrey / Delta / White Rock	Burnaby / New Westminster / Tri-Cities	Richmond	Fraser Valley
Submarket	Guildford	Coquitlam	Richmond Central	Aldergrove / Abbotsford
Project Type	High Rise	Mid Rise	High Rise	Mid Rise
Construction Type	Concrete	Wood Frame	Concrete	Wood Frame
Floors	24	6	15	6
Project Total Units	**167**	**72**	**117**	**70**
Total Units Released	**167**	**72**	**117**	**70**
Unit Type (see note in text)				
Studio	17	-	-	-
1 bedroom	19	11	40	1
1 bedroom + den	18	13	10	-
2 bedroom	62	32	35	53
2 bedroom + den	17	4	10	-
3 bedroom & up	29	12	15	16
Penthouse	2	-	7	-
Other	3	-	-	-
Opening quarter sales	**50**	**10**	**5**	**3**
% Sold	*30%*	*14%*	*4%*	*4%*
Remaining inventory	117	62	112	67
Blended $PSF	$790	$765	$1,050	$485
Minimum Size (sq. ft.)	436	470	485	787
Maximum Size (sq. ft.)	2,157	1,008	1,458	1,042
Minimum Price	$299,900	$395,900	$499,900	$364,522
Maximum Price	$1,265,900	$788,900	$1,600,000	$513,900
Notes	Townhouse units are included in Other			

Source: Altus Group

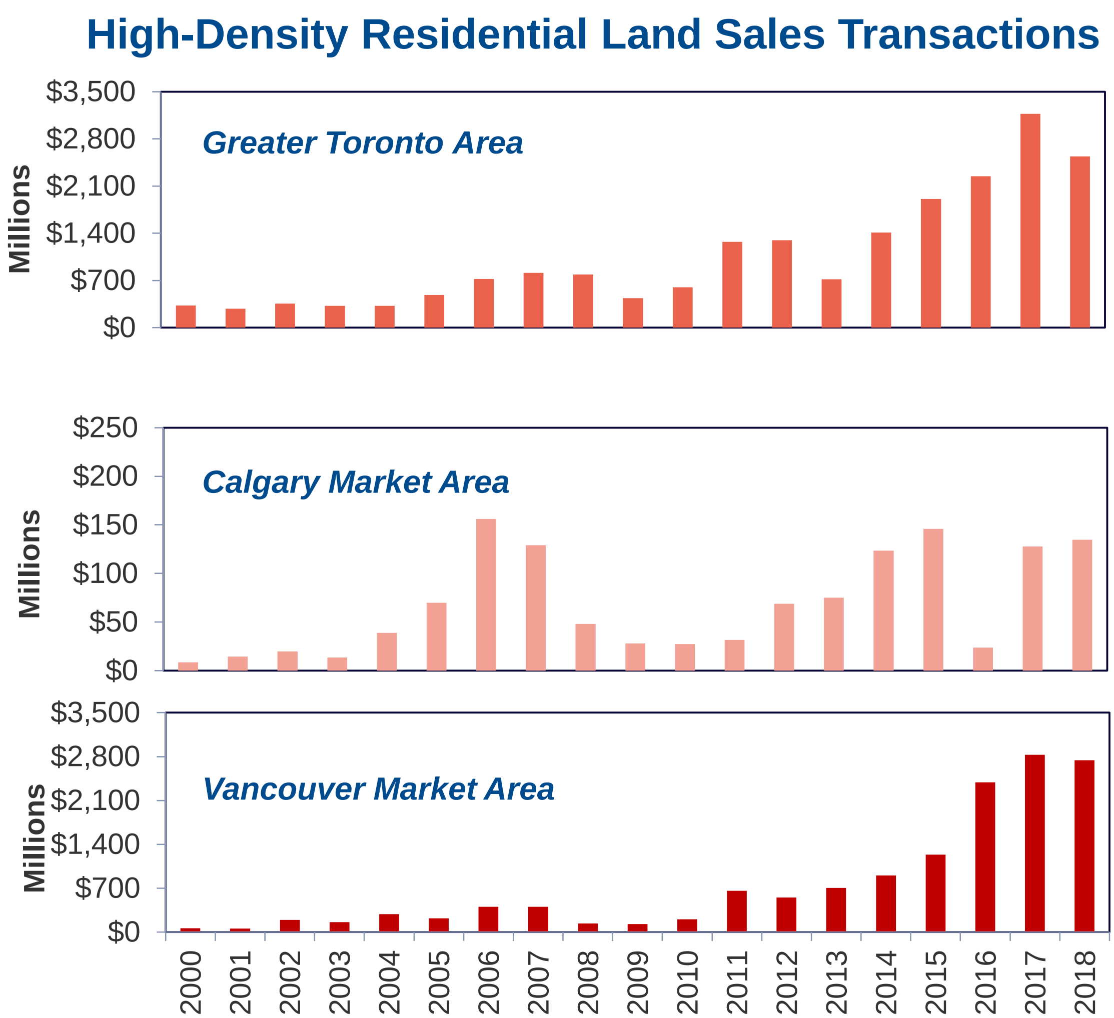
- As of the end of Q1 2019, there were **almost 46,000 new condominium apartment units in projects either under construction or in pre-construction stages in the Vancouver Market Area**.
- In the first quarter of 2019, there were 1,942 units delivered/completed, based on Altus Group data, up 31% from Q1 2018.
- Based on scheduled occupancy dates, and only considering units currently under construction, **it is likely that completions of condominium apartment units will be stronger in 2019,** however, industry capacity thresholds will likely push the delivery timeline for some of these units out further than originally planned dates.
- The stronger completions in 2019 could mean as well a larger number of investor-purchased condominium apartment units entering the rental market.



Source: Altus Group

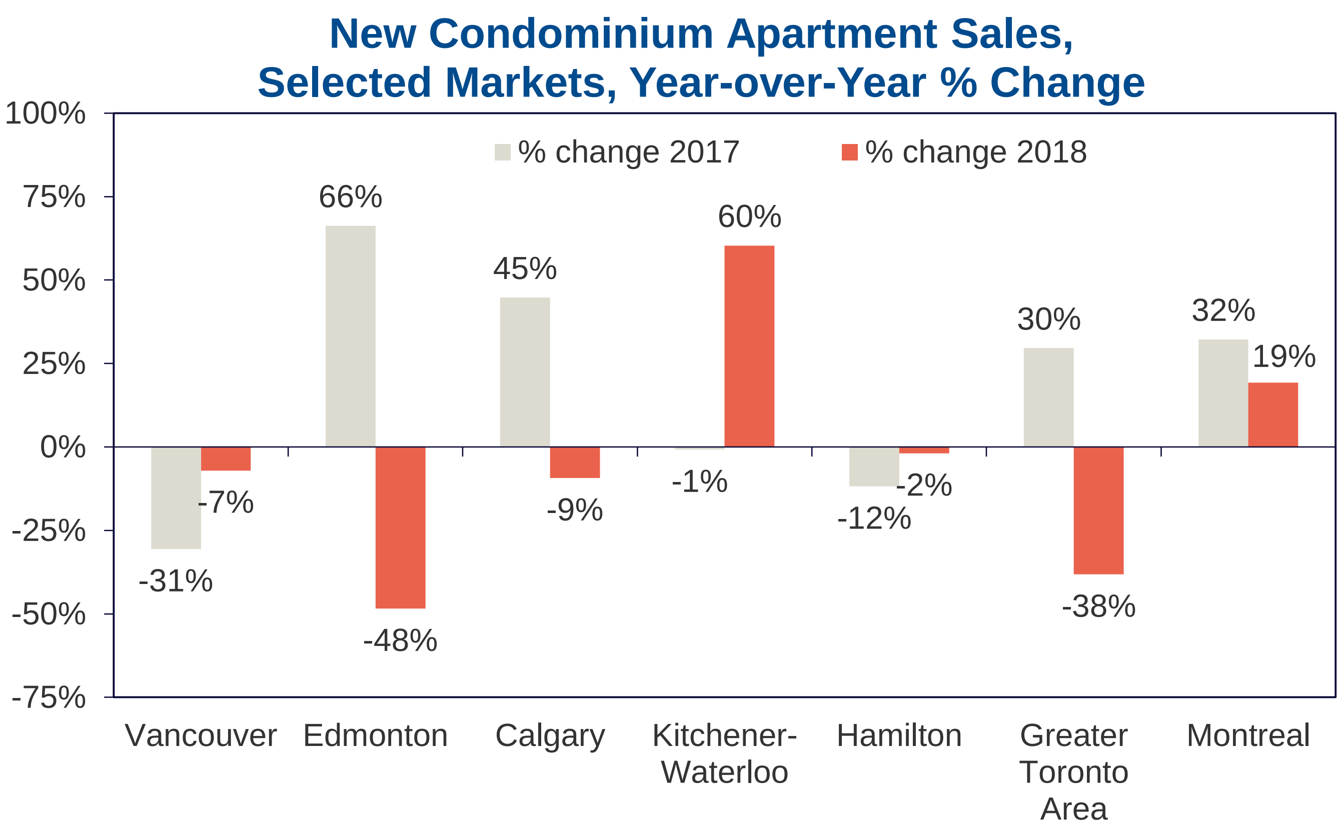
High-Density Residential Land Sales

- Sales of high-density residential land in the Vancouver Market Area - potential land for future condominium apartment and purpose-built rental projects – eased slightly in 2018 to about $2.74 billion, just shy of the record of $2.83 billion in 2017.
- How does the Vancouver pattern compare to other major markets in Canada?
  - **Greater Toronto Area high-density residential land sales stayed strong in 2018 at $2.5 billion but like Vancouver were down from 2017's record.** The dollar value of Vancouver high-density residential land sales surpassed the GTA in 2018.
  - **In Calgary, high-density residential land sales continued to recover in 2018** following the plummet in 2016. Sales in 2018 reached $135 million, up 5%.



Source: Altus Group

- New condominium apartment sales showed mixed patterns in 2018 in the markets tracked by Altus Group:
  - **Montreal and Kitchener-Waterloo were the only markets to post increases in 2018.** For Montreal it was the 3rd year in a row of higher sales.
  - After posting strong increases in 2017 over 2016, new condominium apartment sales in **the GTA, Edmonton and Calgary fell back in 2018**.
  - **Sales moderated in Vancouver and Hamilton for the 2nd year in a row**, following strong showings in each market in 2016.



Source: Altus Group

- The 2019 Federal Budget included several measures related to the housing sector. Here we provide some initial thoughts on key ones and their potential implications for the new condominium apartment sector in the Vancouver Market Area this year.

The First-Time Home Buyer Incentive (FTHBI)

- The key details provided to date:
  - This incentive will provide FTBs with CMHC equity assistance of up to 10% of the purchase price for new homes (5% for resale homes) for a CMHC insured mortgage
  - Incentive paid back upon sale of the home (or sooner, if desired)
  - Maximum household income: Under $120,000
  - Maximum mortgage plus CMHC equity contribution: 4 times income (i.e. under $480,000)
  - Program expected to be operational by September 2019
- **There are still a lot of unknowns not addressed in the budget document related to how exactly this incentive will work**. Questions that the Altus Group Data Solutions, Economics, Cost Consulting and Valuation teams have raised include:
  - While comments made by the Minister suggest CMHC would share in any appreciation – or depreciation - in the property value, to what extent (full share)? And how would appreciation associated with owner-funded substantial renovations be dealt with? i.e. would CMHC share in the full appreciation amount, or some renovation-adjusted amount? How would this amount be determined?
  - What form of charge against the home/unit title will CMHC have for their equity stake?
  - How would income be determined for purposes of maximum income allowed? Would it be the same criteria as for the CMHC insurance/mortgage approval?
  - The Budget document uses a 5% buyer downpayment in its examples but it does not actually specify if there is a maximum for the downpayment ratio. Is more than a 5% downpayment possible? And if so, does the insured mortgage still need to be a “high ratio” insured mortgage (i.e. with the buyer’s downpayment at a maximum of just under 10%, so along with the CMHC incentive the downpayment sums to less than 20% of the price). Or can an applicant have a higher downpayment, but still qualify, as long as they also take out CMHC insurance? Assuming it needs to be a high ratio mortgage, but more than 5% is ok, the maximum price limits (assuming a buyer downpayment of just under 10% and 10% from CMHC) would be in the $535,000 range; but a higher allowed downpayment ratio would increase the potential price maximums. We expect that the intent is that the incentive is for high ratio insured mortgages only, but there needs to be clarification around this point.

- The program is to provide funding “over 3 years” – but how exactly would that work for pre-construction new condominium apartments that are unlikely to be delivered (and registered) within the next 3 years but also require deposit instalments early on? Would the incentive be made available at the deposit stage? If the incentive is made available at the deposit stage will CMHC be okay with those deposits being released to Developer to funds costs?
- Purchasers of new condominium units often select and pay for upgrades. Will the extent of upgrades be limited by CMHC?
- Would a CMHC designate need to be part of the condo corporation? What about new home warranty issues, or occupancy issues with the developer if CMHC has a stake in a unit?
- What if a buyer receives approved equity funding on a new condominium apartment, but the project is cancelled? Can the buyer transfer the funding to another new condo unit?
- *Note that CMHC released a statement on the federal budget housing measures in April, however there was no additional information as yet related to these questions.*

▪ **Other questions we are thinking about, that are not specific to the program details:**

- To what extent will buyers who may otherwise have been in the market this Spring now wait until there is additional information on the incentive (to decide if it will be right for them or not), and until the incentive is in place in the Fall to actually act?
- Will lenders require some additional reporting on buyers using the FTHBI? Will lenders impose developer sales qualification limits on purchasers to limit their closing risk exposure on projects?
- How will the CMHC contribution be considered by lenders in terms of the overall household debt/equity equation (e.g. if a participant wants to borrow against household equity such as with a HELOC down the road)?
- According to Altus Group’s FIRM Survey, about half of FTBs in Canada get at least some help from parents/grandparents with their downpayment. Will the incentive simply displace some of this money?
- Is the timing optimal, or would this incentive have been more timely from a market perspective a year ago? Many first-time buyers have been saving longer to manage the increased lending criteria/stress tests implemented since late 2016. Will an additional boost at this point simply put some upward pressure on prices? (note that in its statement released April 4, CMHC estimates price impacts will be minimal)

- **Our take on the impact of the First-Time Home Buyer Incentive on the Vancouver new condominium apartment market is that it is likely to have some moderate negative impact on the Spring market (over and above other factors) as potential program participants simply wait for more information.**
  - While the income and price limits for qualification are likely to mean the program is less applicable in high price markets like the GTA and Vancouver, there will still be a segment of the market that would qualify.
  - The higher incentive for new homes may provide a bit of a boost to the relative price competitiveness of the new home market vis-à-vis the resale market.

Home Buyers Plan (HBP)

- Two key changes to the plan were announced in the Budget:
  - The **maximum tax-free withdrawals** from RRSPs that first-time buyers could use towards a downpayment were **increased from $25,000 to $35,000 for individuals** (implying a $70,000 maximum for a couple combining their minimums). This change was effective as of March 20, 2019.
  - The HBP was **extended so that "individuals that experience the breakdown of a marriage or common-law partnership be permitted to participate**… even if they do not meet the first-time home buyer requirement". This change is effective with withdrawals made after 2019.
- With respect to **the increase in the withdrawal limits**, this is expected to have **a very modest positive impact on new condo buying in the Vancouver Market Area.**
  - According to Altus Group's FIRM Survey, only about 1 in 3 recent first-time buyers Canada-wide used RRSPs towards their downpayment and about half of renter households under the age of 50 do not have any RRSP funds. In part this may reflect shifts to TFSAs in recent years.
  - And, again from our FIRM Survey data, among renters that do have RRSPs, relatively few have at least $35,000. Over time, the limit extensions could encourage renters to put more into RRSPs, increasing the impact modestly down the road.
- With respect to **the expansion of the HBP to "dissolved" couples**, this is expected to have a **minimal positive impact on new condo sales**, but not this year.

Vancouver Market Area	The Vancouver Census Metropolitan Area plus Abbotsford. For simplicity in the report, the area is generally referred to as “Vancouver”; whereas the central municipality is clarified with “City of Vancouver”.
Condominium apartment	Includes condominium apartment structures of all heights (low, mid and high-rise). Low-rise: up to and including 4 storeys Mid-rise: 5-9 storeys High-rise: 10 or more storeys
Single-family	Includes detached, semi-detached (duplex) and townhouse units (including stacked townhouse) in projects of 20 or more units.
Inventory	New units available to purchase/unsold at end of the period. Includes available units in pre-construction, under construction and completed projects.
Months of inventory	Unsold inventory at period end divided by average monthly sales in the previous 12 months. Indicates how long current inventory would last assuming same pace of sales (and no additional product added).
Blended $ PSF	The average price of units in projects launched during the period. Calculated by taking a unit weighted average of individual project blended average prices per square foot. The prices do not reflect constant quality product, but rather what is available to purchase in newly launched projects.
Unit size	Average size (sq. ft.) of units in projects launched during the period. Calculated by taking a unit weighted average of individual project blended average sizes.
Completions	Units in projects that have reached occupancy status/been delivered during the period.
“Record” performance	All “record highs” and “record lows” are based on the time period over which Altus Group has been tracking the variable.

Note: all historical data is subject to revision