



**GREATER
VANCOUVER
REALTORS®**

The Greater Vancouver
REALTORS®

2024 H2 Residential Market Forecast



Greater Vancouver REALTOR®'s 2024 H2 Residential Market Forecast Update

Celebrate the Ws

When we penned our **first-half (H1) forecast** for the Greater Vancouver residential market in January, our outlook called for a steady pace of sales similar to 2023 paired with modest price growth of a few per cent across all market segments.

Our report also made a few additional predictions¹ worth revisiting as we enter the second half (H2) of 2024:

Prediction	Outcome
2024 would see 100bps of cuts to the policy rate, with 50bps of cuts weighted towards the first half.	As predicted (so far).
Interest rates may not come down as quickly as many forecasters were predicting at the start of 2024.	As predicted (so far).
Near-record-low inventory to start the year would support price growth.	As predicted (with a twist!).

It's fun to get predictions (mostly) right every now and again since predicting the future is always such a fraught exercise.

With that said, there have been a few noteworthy surprises in the first half of 2024, particularly with regard to resale supply.

What's the story, inventory?

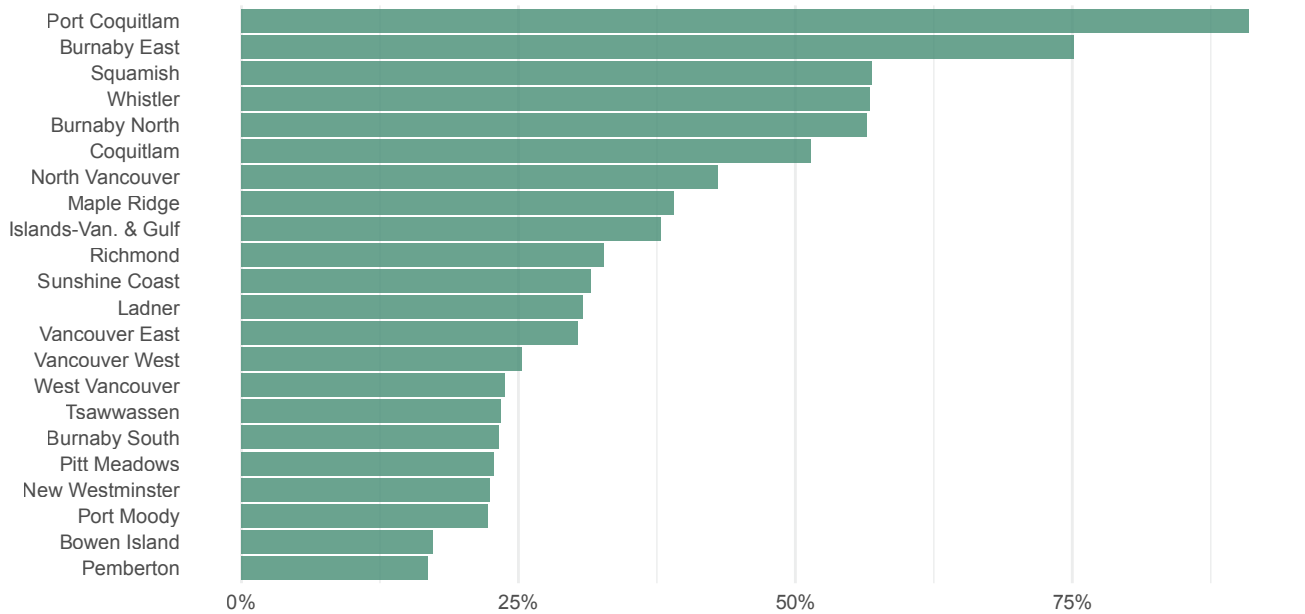
The biggest surprise in the H1 data is the surge in inventory levels across all Greater Vancouver REALTORS® (GVR) market areas² relative to last year.

¹ Besides our usual sales and price forecasts.

² Areas covered by GVR include: Bowen Island, Burnaby, Coquitlam, Maple Ridge, New Westminister, North Vancouver, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, South Delta, Squamish, Sunshine Coast, Vancouver, West Vancouver, and Whistler.

Inventory Increases by GVR Market Area

Year-over-year percentage change, July 2023 to July 2024



Source Data: GVR MLS | GVR Economics

Without further context, a plot like this might seem like a potential harbinger of lower prices to come, as supply (temporarily) outpaces demand, resulting in higher inventory levels.

However, a more careful analysis of the data reveals that the primary drivers behind this trend are not a result of paltry demand on behalf of buyers paired with worryingly high levels of seller capitulation³.

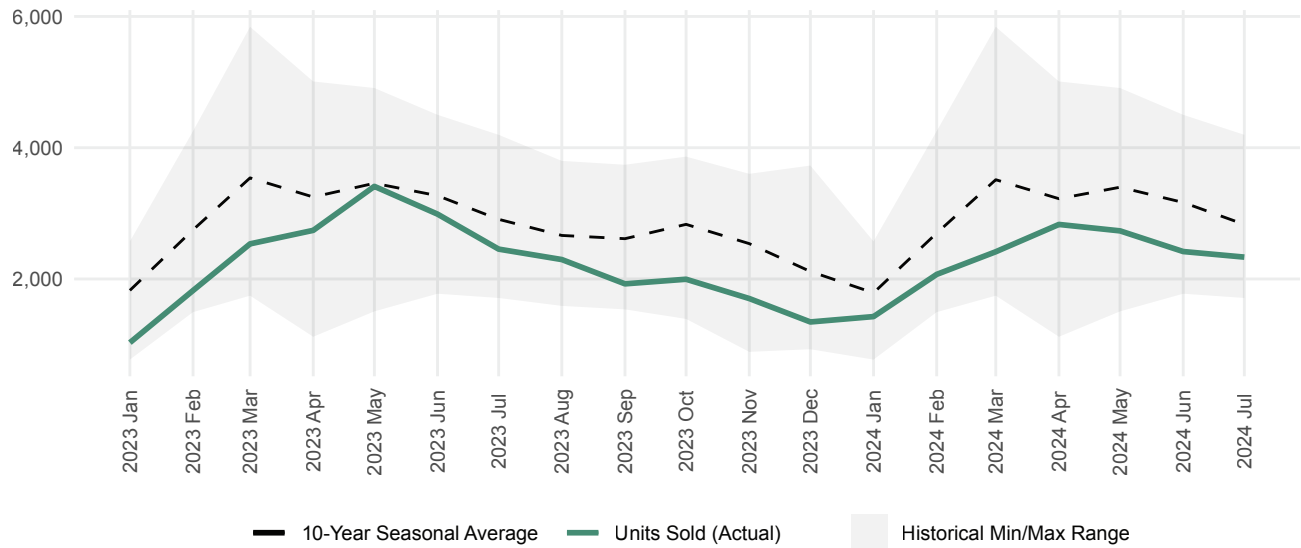
Rather, it is a result of steady demand from buyers, paired with higher-than-expected levels of new listing activity, which we don't believe to be a cause for concern at present.

In fact, the increased inventory might be best viewed as a positive development for the market, particularly for buyers, as it signals a return to more balanced market conditions as inventory crest highs not seen since 2019.

³ Aggregate price trends to date don't suggest any degree of panic on the part of sellers, though there are always a small number of distressed property sales in every year which can arise for a variety of circumstances.

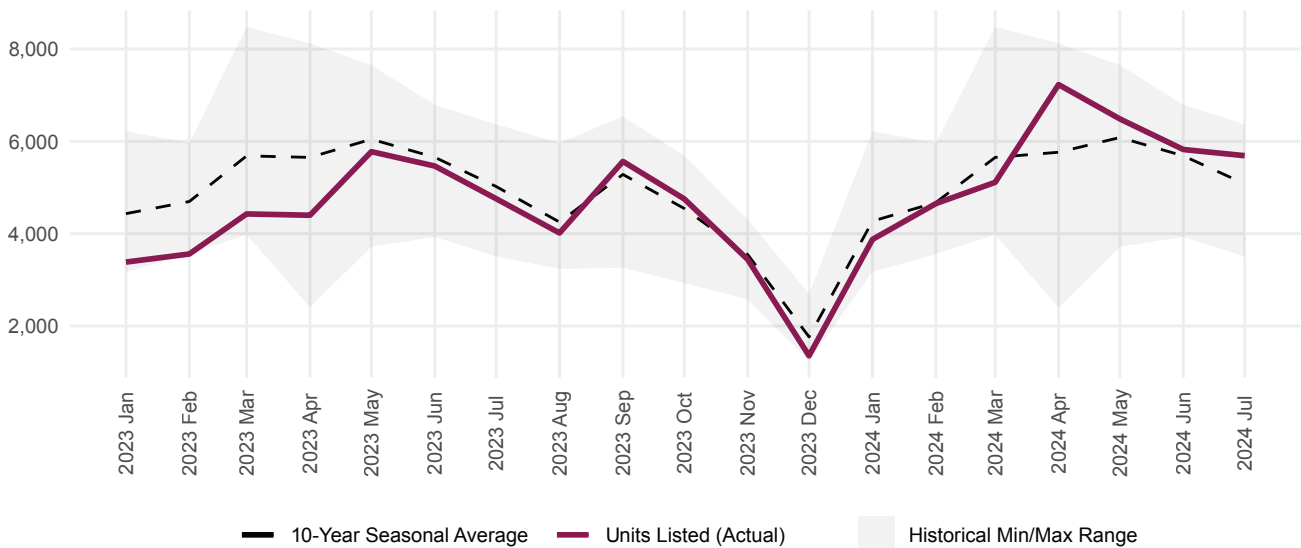
Units Sold, GVR Market Total

Including 10-Year Average and Historical Min/Max Range



Units Listed, GVR Market Total

Including 10-Year Average and Historical Min/Max Range



The plots above help elucidate this picture.

While sales remain below their 10-year average, they're not among the lowest levels ever seen on record, and it's also worth noting this is not a new trend – it's one we've been watching for some time.

By contrast, newly listed properties are coming to market in numbers that meet or exceed historical averages, which when paired with below-average sales, has allowed inventory to accumulate.

We recently examined the increase in new **listing activity in greater detail**, but our analysis could not find a consistent pattern across markets that would point to a singular factor driving this trend. Rather, it appeared that a multitude of factors have been at play.

One probable factor is that **2023 saw lower-than-normal new listing activity** to start the year. It's possible that sellers who held off selling last year are now listing their properties in 2024, raising the level of new listing activity in line with, and even above, historical norms.

Hold your horses

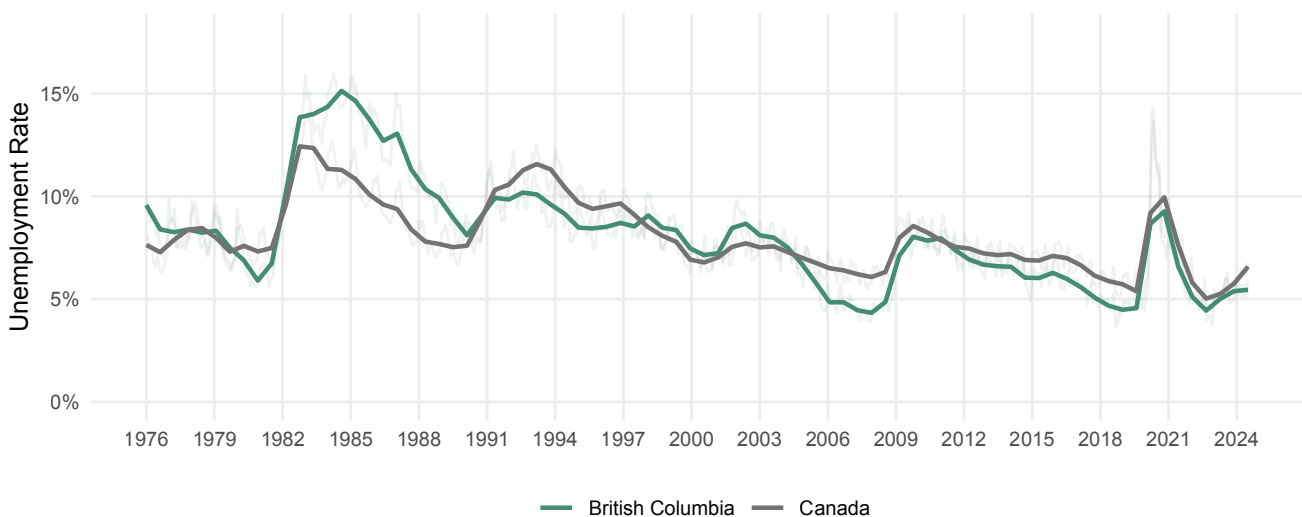
As mentioned, a cursory analysis of the data to date could give the impression the H1 market has been one with pockets of weakness under the hood.

But before letting the horse run away with the cart, it's important to situate the H1 data within the economic context of the day.

To start, the macroeconomic backdrop in BC remains relatively stable. While the pace of economic growth has slowed modestly in recent quarters, the unemployment rate in the province remains only marginally above historic lows.

Unemployment Rate, BC vs. Canada

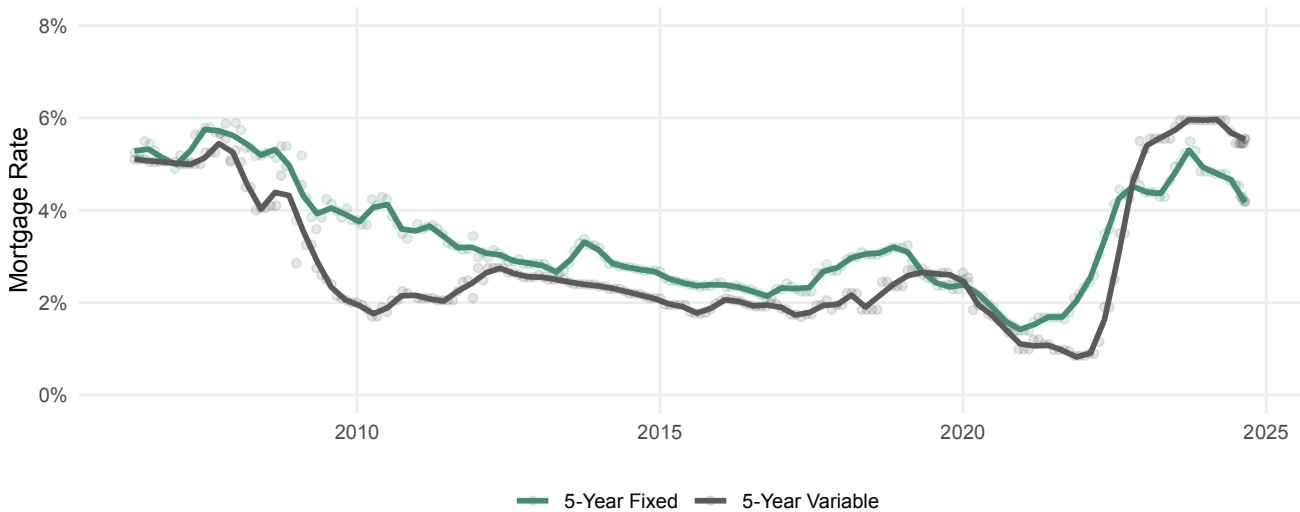
Trended Monthly Data



Source Data: Statistics Canada | GVR Economics

Second, while we've seen some modest relief to borrowing costs in recent months, mortgage rates remain elevated relative to the rates consumers have been used to just a few years ago, which has been the **primary factor weighing home sales** down for some time.

Fixed vs. Variable Mortgage Rates Trended, Monthly

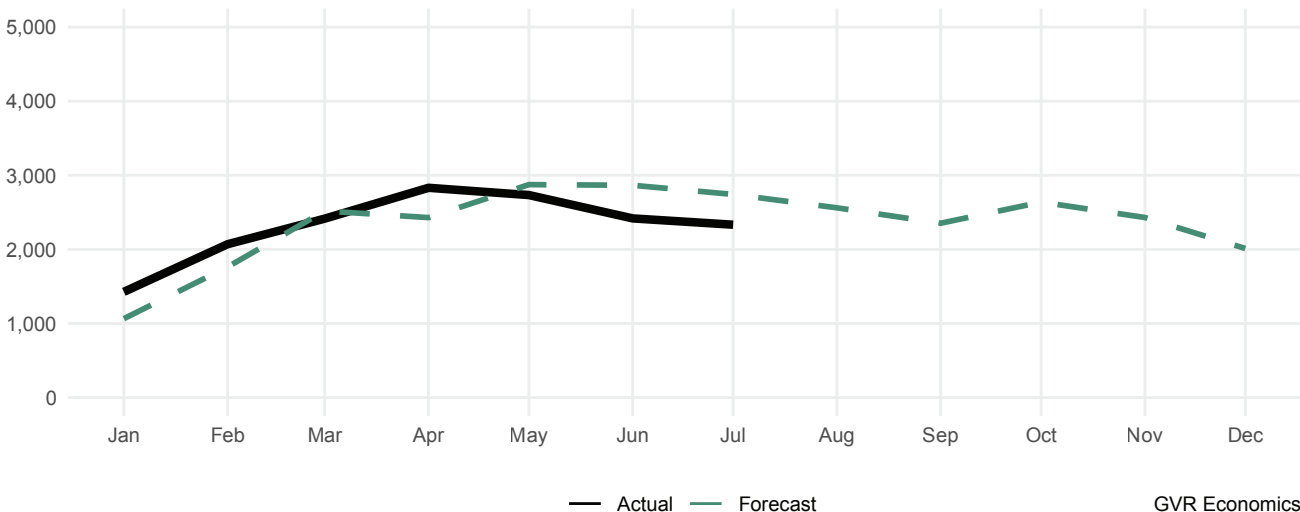


Source Data: Ratehub.com | GVR Economics

This was a dynamic our H1 forecast anticipated would persist through 2024, and sales this year are tracking the path of our H1 forecast very closely (so far). So it would be inaccurate to suggest that demand is weaker than anticipated.

By our measurement, demand remains predictably steady.

2024 Sales Forecast - Predicted vs. Actuals GVR Market Total, Monthly Data



GVR Economics

As noted however, the “surprise” in the H1 data has been the willingness of sellers to come to the market with their properties in greater numbers than we saw in 2023.

Absent a significantly worsening economy, or *increases* to borrowing costs, this was a dynamic our modelling efforts at the start of the year suggested had a very low probability of occurring⁴.

With this dynamic now in play however, we believe the second half of 2024 is poised to remain in balanced market conditions, even if borrowing costs continue declining modestly.

And while our H2 forecast continues to favor another 50bps reduction to the policy rate, the muted response of buyers to the 50bps reduction to interest rates so far in H1 suggests that demand may be slower to materialize in response to lower borrowing costs in this cycle than we’ve observed in **previous rate cutting cycles**.

Sales forecast

GVR’s **2024 H1 forecast** predicted that sales across Greater Vancouver would increase by approximately eight per cent relative to 2023, reaching 28,250 by year-end.

Sales from January to July of 2024 have totaled 16,227, while our modeled prediction to the same point in the year was 16,256 – a differential of just 0.18 per cent.

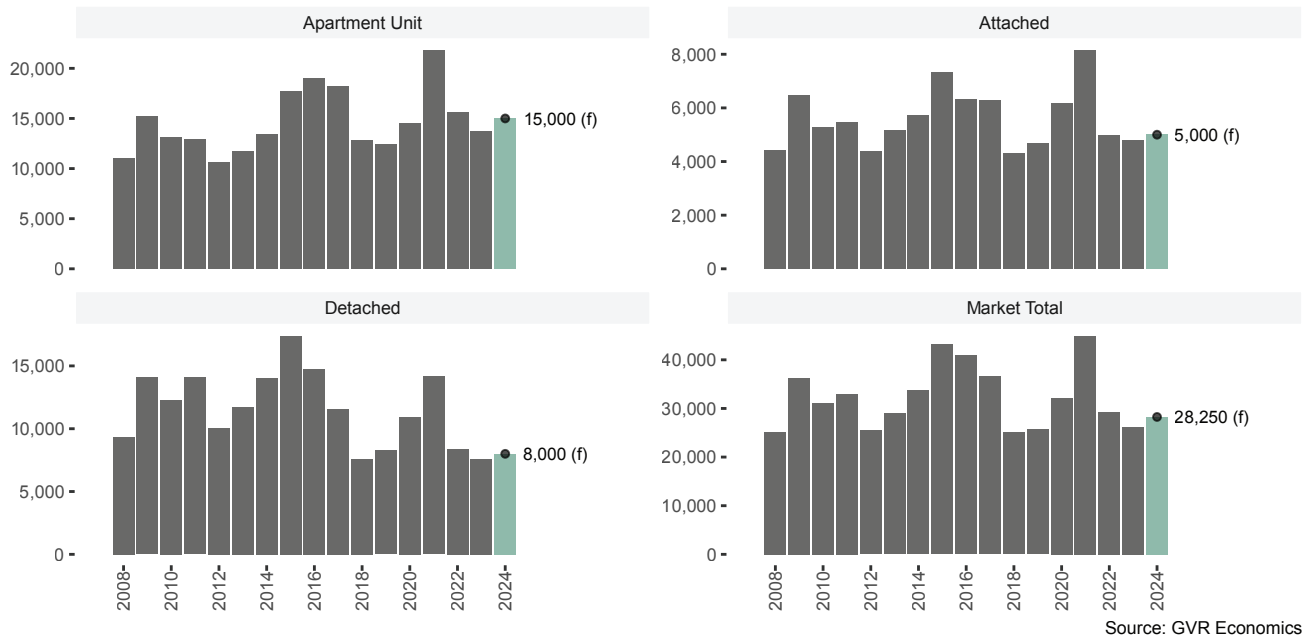
With sales tracking our estimates very closely so far, along with healthy levels of inventory heading into the second half of 2024, we see no reason to alter our year-end sales prediction⁵.

⁴ Based on historical patterns and forward looking expectations about the economy at the time.

⁵ Though we have made note of new upside and downside risks to the forecast which have arisen during the first half in latter sections of this report.

GVR H2 - Residential Sales Forecast

Annual Totals, by Market Segment



The table below summarizes our sales forecasts by market segment:

GVR H2 Forecast - Residential Sales

Market Segment	2023 Actual	2024 Forecast	% Change
Apartment Unit	13,678	15,000	9.7%
Attached	4,793	5,000	4.3%
Detached	7,566	8,000	5.7%
Market Total ⁷	26,249	28,250	7.6%

⁷ Total includes Land and Multi-Family Revenue property transactions, not shown in this table.

Source: GVR Economics

The price of admission

To date, aggregate price metrics have shown modest increases as anticipated in our H1 forecast, driven by a steady pace of sales butting up against near-record-low inventory levels to start the year.

As inventory levels have risen over the past few months, most aggregate price metrics are now trending sideways, or in some cases, moving slightly downward.

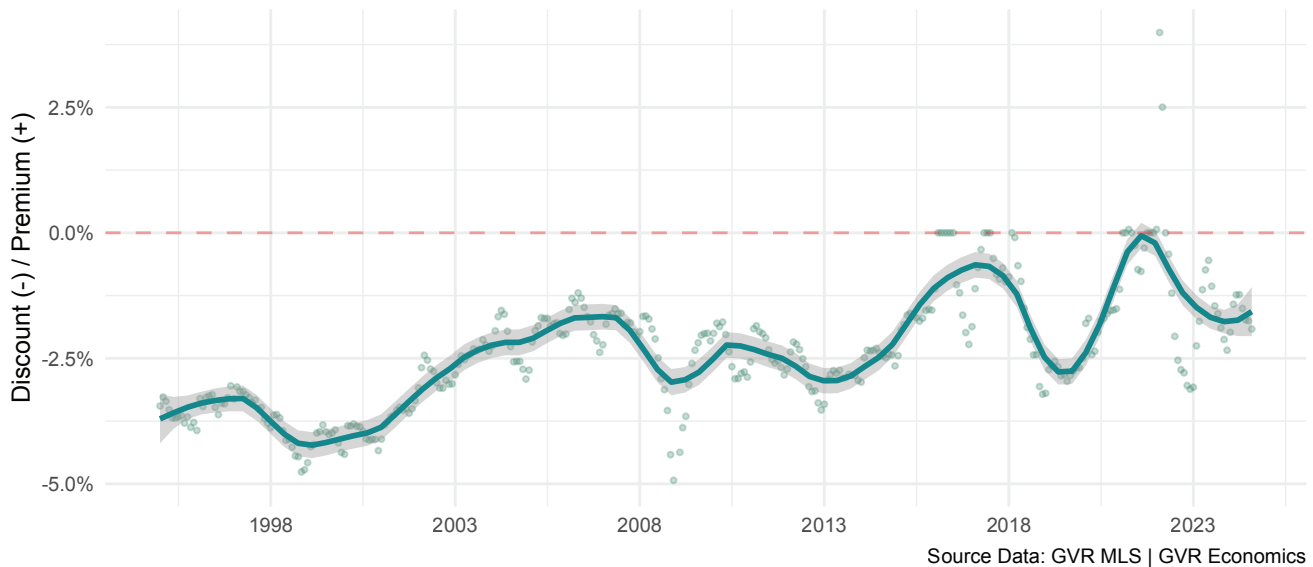
Yet despite cooling prices and the highest level of inventory seen since 2019, buyers hoping to find steeply discounted properties have (mostly) been met with sellers expressing a limited willingness to reduce their asking price.

In fact, the median differential between the list price and sale price for all properties in the GVR market has trended at a discount of near two per cent since the start of the 2024.

This trend isn't significantly different from previous historical periods⁶, which exhibited much higher levels of sales activity.

Median Discount or Premium of Sale Price to List Price, Trend

All GVR Areas and Property Types



With the steady **flow of immigration** continuing to drive growth in the region, along with the flurry of **recent policy efforts** by the provincial government (so far) failing to unleash the torrent of housing supply⁷ that was (**perhaps over-confidently**) **promised**, it may only be a matter of time until these **larger dynamics** shift bargaining power back in favor of sellers over the longer-term.

Over the near term, our outlook for the second half of 2024 remains one of balanced market conditions continuing to support the modest price appreciation observed to date in 2024, by year end.

⁶ Such as 2015/2016, and the heydays of the pandemic, circa 2020.

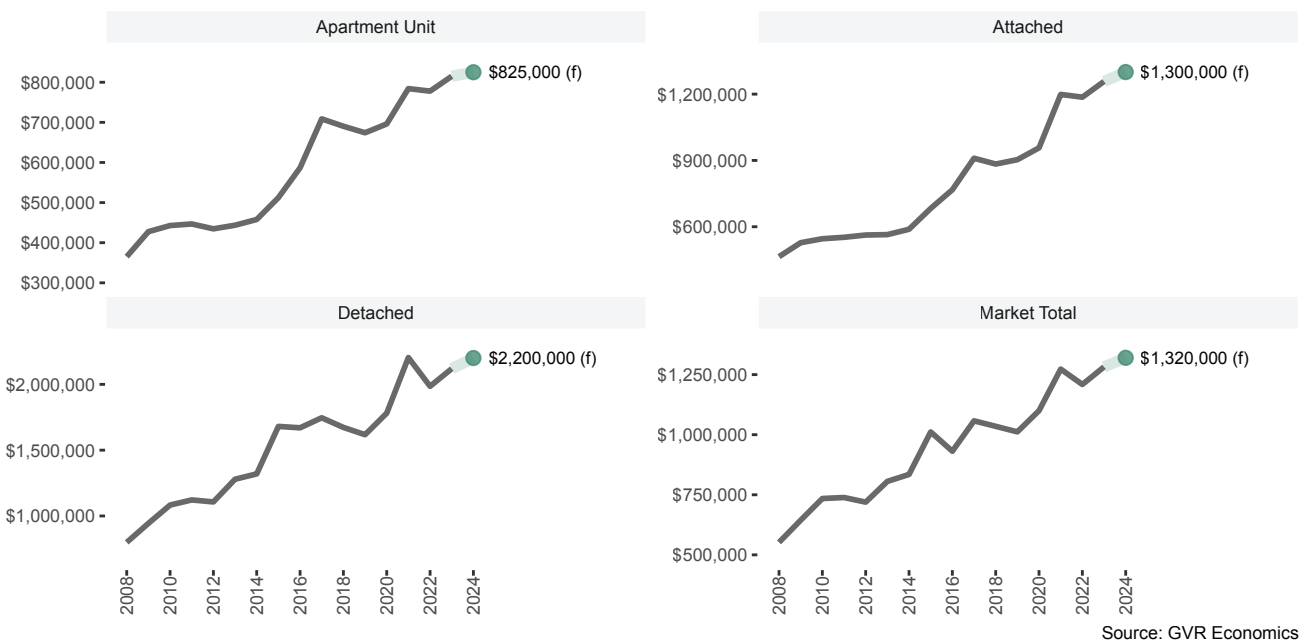
⁷ In fairness, very little time has passed since the flurry of policies targeted toward boosting housing supply have been announced, therefore the likelihood of observing significant effects in the data remain low at this juncture. With that said, there appear to be few (if any) early indications that these policies are being eagerly adopted by municipal governments and subsequently leveraged by the development community.

We caution however, that the likelihood of price appreciation exceeding our estimated range of one to four per cent by year end⁸ now has a lower likelihood than when the market was tilting in favor of sellers at the start of the year.

In light of these dynamics, we maintain our outlook of price appreciation in the range of one to four per cent across market segments to year end, with a slight bias towards the lower end of this range.

GVR H2 - Residential Average Price Forecast

At Year-End, by Market Segment



The table below provides a breakdown of the price forecasts by market segment:

GVR H2 Forecast - Residential Prices¹

Market Segment	2023 Actual	2024 Forecast	% Change
Apartment Unit	\$815,000	\$825,000	1.2%
Attached	\$1,257,000	\$1,300,000	3.4%
Detached	\$2,119,000	\$2,200,000	3.8%
Market Total	\$1,282,000	\$1,320,000	3.0%

¹ Trend component, seasonally adjusted average prices. Actuals rounded to nearest thousand.

Source: GVR Economics

⁸ Dependent on market segment being referenced.

Downside risks

1. Sales could slow more significantly than forecast if the economy heads into recession, increasing unemployment, thereby reducing demand among potential buyers.
2. Valuations could be lower than forecast if a recession is accompanied by significant job losses, eliminating pools of buyers who otherwise may have participated in the market.

Upside risks

1. Sales activity and valuations could be higher than forecast if a recession is avoided and borrowing costs fall more than expected. This would be characterized by declines greater than two per cent in fixed and variable mortgage rates from present levels (approximately five and six per cent, respectively).
2. Inventory levels could recede from their currently elevated state (relative to recent history), which may quickly tilt the market back in favor of sellers leading to price appreciation beyond our estimates.

About GVR Economics

Headed by Andrew Lis, Director, Economics and Data Analytics, GVR's Economics team focuses on delivering timely insights to members and the public through the provision of market analyses, forecasts, presentations, and other analytical products.

About this forecast

GVR prepares an annual high-level residential market forecast twice per year, with release dates at the start of the first half (H1) and second half (H2) of the year, respectively. The initial (H1) forecast is updated in July/August (H2) to factor in the relative strength of spring market activity, as well as other economic factors that may have evolved since the initial forecast.

*Editor's Note: Areas covered by Greater Vancouver REALTORS® include: Burnaby, Coquitlam, Maple Ridge, New Westminister, North Vancouver, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, South Delta, Squamish, Sunshine Coast, Vancouver, West Vancouver, and Whistler.

Greater Vancouver REALTORS® is an association representing more than 15,000 REALTORS® and their companies. GVR provides a variety of member services, including the Multiple Listing Service®. For more information on real estate, statistics, and buying or selling a home, contact a local REALTOR® or visit www.gvrealtors.ca.

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