GREATER VANCOUVER REALTORS®

The Greater Vancouver REALTORS®

2025 H1 Residential Market Forecast

Greater Vancouver REALTORS® | Economics
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Striking out

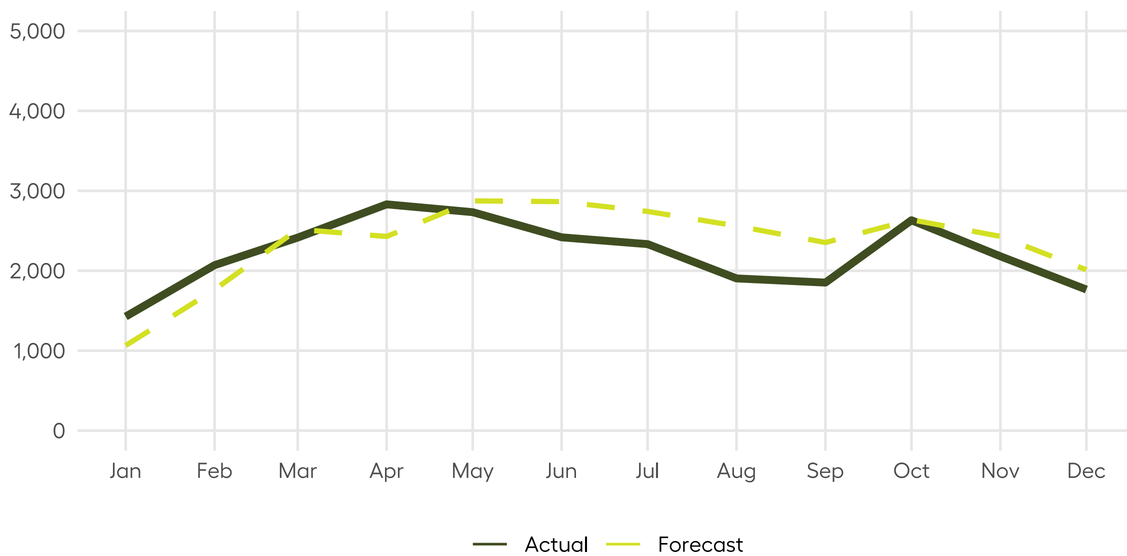
Despite brief glimmers of hope that the market would outperform our 2024 forecast, disappointingly, the year-end figures fell short of expectations.

On the sales side, 2024 began with buyers appearing eager to re-enter the market after months of waiting on the sidelines, but the momentum wasn't sustained throughout the entire year, particularly in the summer months.

By year-end, sales were up nearly two per cent over the previous year, whereas our forecast had expected an increase of roughly eight per cent overall.

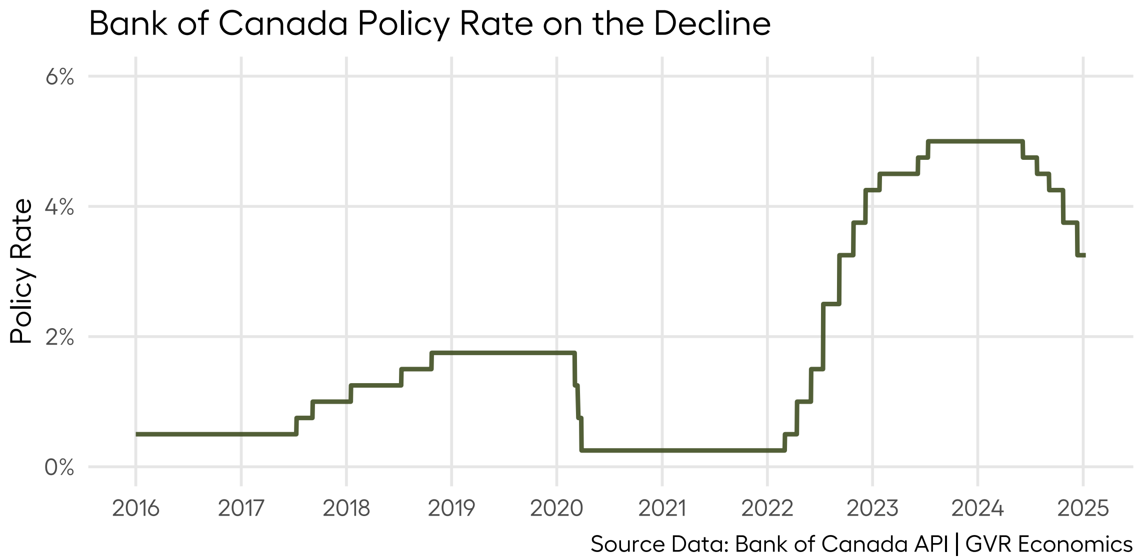
2024 Sales Forecast - Predicted vs. Actuals

GVR Market Total, Monthly Data



GVR Economics

On the pricing side, upward pressure on prices exceeded our forecast to start the year, but these gains were ultimately curtailed by a combination of significant increases to inventory levels, paired with sales not performing in-line with expectations.



Despite numerous cuts to the Bank of Canada's policy rate and subsequent reductions to borrowing costs throughout 2024, supply continued to outpace demand by year-end, eroding, but not fully erasing, the price gains which began the year.

Putting figures to it, our 2024 forecast had expected price gains of about three per cent for the market overall, but the actual gains were about half that, at roughly 1.5 per cent.

Better luck next year

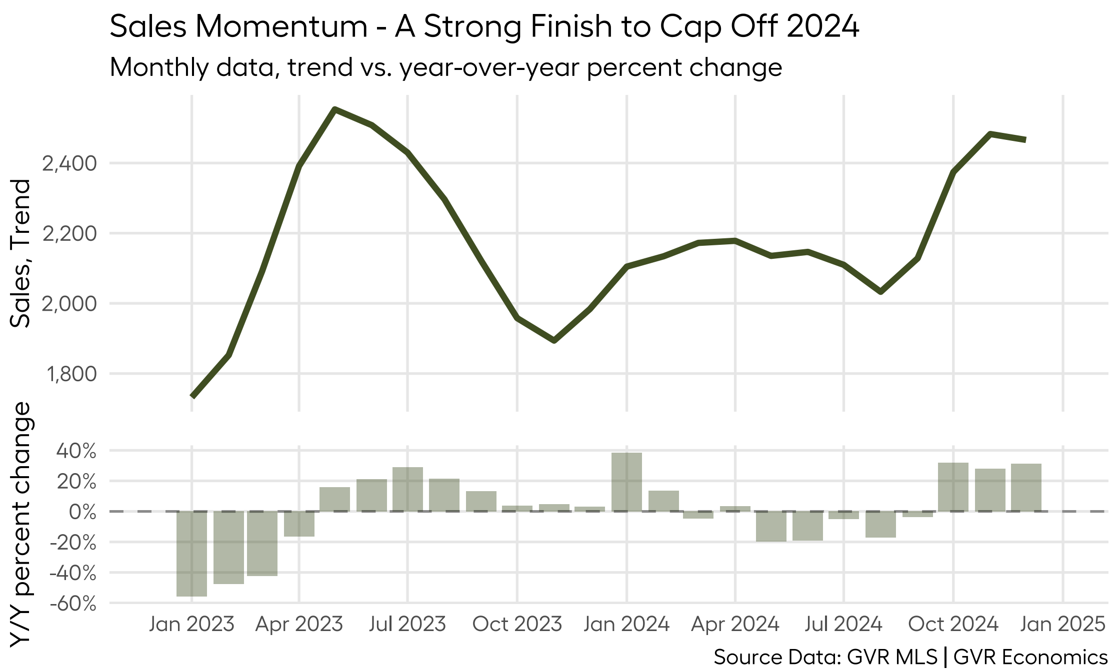
Looking back at our previous forecast, it's hard to fault the assumptions that were made at the time of writing, which we still believe were entirely reasonable.

In particular, there was a heavy focus on the potential for lower borrowing costs to unleash pent up demand on the sidelines, but monetary policy works in lags, and getting the timing right of these predictions is always a tricky exercise.

And so we begin 2025 anew, but in many ways, our expectations for 2025 remain very similar to those made in 2024, namely that:

- Fundamental factors that drive our market such as household formation, population growth, and employment growth will remain fairly strong.
- Lower borrowing costs are likely to further spur homebuyer demand.
- A major recession will likely be avoided in 2025 (barring any wildcard policies targeting Canada's economy from our neighbours to the south).
- Inventory levels for each market segment will play the deciding role as to whether prices appreciate or hold steady in 2025.

The key difference between our expectations for 2025 and those of last year, is that we now have data showing [sales momentum building](#) heading into 2025, whereas as last year, this was an expectation not yet borne out in the data.



Plot twist

As is the case almost every year, there's always a plot twist to how things are likely to shake out.

For 2025, it's hard to ignore the politically-motivated trade risk from our American neighbours, as well as the upcoming shakeup to Canada's political landscape at the federal level.

Love him or loathe him, the "genius" of Trump is that he dictates the terms of foreign policy by tweeting ("xeeting"?) his unvetted, stream-of-consciousness "policies" from his cell phone, while political leaders around the world scramble to decipher whether any real and present danger exists to their country.

It's an extremely cheap and effective strategy that probably wouldn't be nearly as effective were it any other US president, who tend to send airplanes full of diplomats abroad to take care of such matters.

And so we enter 2025 with another four years of Trump at the helm of the USA, already threatening Canada with tariffs of 25 per cent on various imported goods, and a potential change of government at the federal level in Canada.

On the issue of tariffs, assuming these threats are credible[1], there are numerous industries within BC which could be negatively impacted by such policies.

While a full analysis of this issue is beyond the scope of this report, our preliminary investigations and economic modeling analyzing the impacts of such a policy on the housing market here in BC suggest any negative impacts would likely be short-lived.

The most likely impact to the housing market in our region would arise in the form of a drag on sales, as cross-border investment slows, dampening economic activity in our region as well as across Canada.

Our modeling suggests any negative impacts to home prices are likely to be modest and would most likely arise through the (potential) reduction in sales activity, rather than through any direct impacts arising from the tariffs themselves.

We caution that these findings are based on preliminary analyses, which at the time of writing are the best that can be performed since so few actual details of this "policy" have officially been released.

It's difficult to draw inferences from conjecture, but alas, this is just one of the wildcards we are left with heading into 2025.

Sales forecast

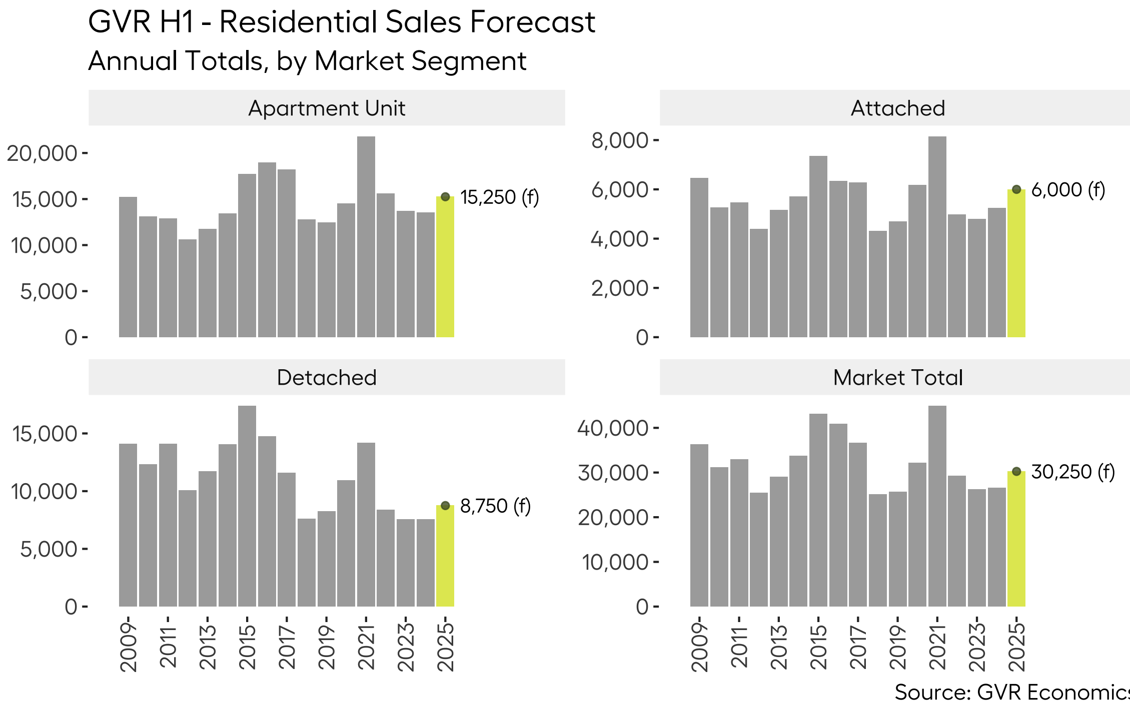
GVR's 2024 H1 forecast predicted that sales across Greater Vancouver would increase by approximately eight per cent relative to 2023, reaching 28,250 by year-end.

While sales had been tracking our forecast closely through the first half as noted in our H2 forecast update, by year-end, sales tallied 26,561 as the sustained demand-side momentum necessary to hit our target did not fully materialize[2].

With signs emerging that lower borrowing costs may finally be having their predicted stimulative effect on home sales to close 2024, our 2025 forecast expects this momentum to continue into the first half, before stabilizing in-line with historical norms by the second half.

[1] A highly debatable point of contention.

[2] Though the last few months of 2024 did show signs of demand-side strength re-emerging; a point discussed further in this report.



The table below summarizes our sales forecasts by market segment:

GVR H1 Forecast - Residential Sales

Market Segment	2024 Actual	2025 Forecast	% Change
Apartment Unit	13,561	15,250	12.5%
Attached	5,250	6,000	14.3%
Detached	7,544	8,750	16.0%
Market Total[1]	26,561	30,250	13.9%

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

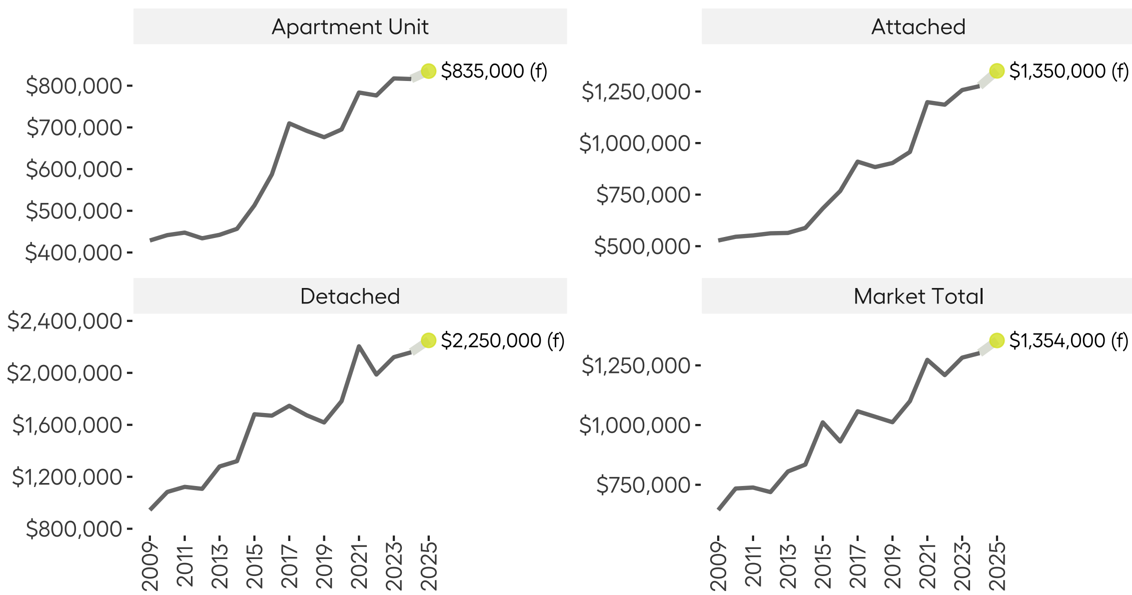
Source: GVR Economics

Price forecast

GVR's 2024 forecast predicted that the average price for all market segments combined would increase to reach approximately $1.32m in 2024. At year-end, this figure reached roughly $1.3m, shy of our target by about 1.5 per cent.

Our price forecasts for 2025 are again similar to those we expected in 2024, however the market now has the benefit of significantly lower borrowing costs to start the year than were available in 2024, which we believe should provide the necessary stimulus to reach our 2025 price forecasts.

GVR H1 - Residential Average Price Forecast
At Year-End, by Market Segment



Source: GVR Economics

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

GVR H1 Forecast - Residential Prices[1]

Market Segment	2024 Actual	2025 Forecast	% Change
Apartment Unit	$816,000	$835,000	2.3%
Attached	$1,276,000	$1,350,000	5.8%
Detached	$2,159,000	$2,250,000	4.2%
Market Total	$1,301,000	$1,354,000	4.1%

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

Source: GVR Economics

Summary of risk to the forecast

Below, we provide a summary of reasonably foreseeable risks to the forecast at the time of publication:

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. Sales could experience an acute downside shock as a result of tariffs imposed on various goods exported by Canada to the USA, though we expect this effect to be short-lived.
3. 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.
4. Political turmoil at the Canadian federal level along with the potential for a new Conservative government could yield policies negatively impacting the housing market, though new policies could also positively impact the market as well. As such, we've noted this risk in both sections.

Upside risks

1. Sales activity and valuations could be higher than forecast borrowing costs fall more than expected. This might occur in response to a domestic recession, or to tariffs imposed on Canada by the USA.
2. Inventory levels could recede quickly from their currently elevated state, which would tilt the market in favor of sellers, potentially leading to price appreciation beyond our estimates.
3. Political turmoil at the Canadian federal level along with the potential for a new Conservative government could yield policies negatively impacting the housing market, though new policies could also positively impact the market as well. As such, we've noted this risk in both sections.

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 Westminster, North Vancouver, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, South Delta, Squamish, Sunshine Coast, Vancouver, West Vancouver, and Whistler.

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