

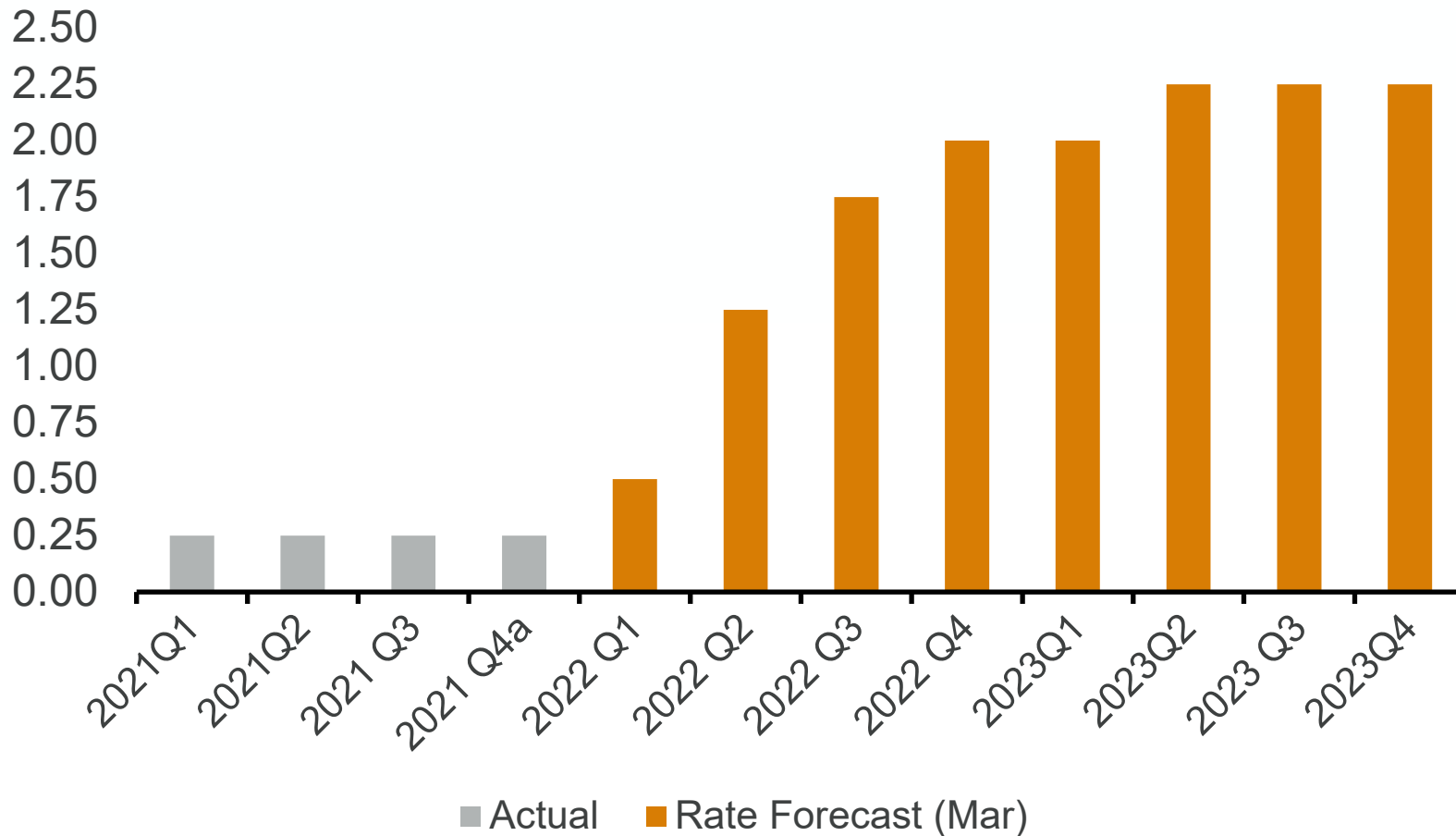
The background is an aerial photograph of a dense evergreen forest. Overlaid on the right side of the image is a large, semi-transparent circular graphic. Inside this circle is a smaller, semi-transparent circle, creating a double-circle effect. Within the innermost circle, there is a faint, high-angle view of a city or urban area, showing buildings, streets, and green spaces. The overall color palette is dominated by the greens of the forest, with the circular inset providing a contrast with urban imagery.

Regional Resilience: What Does The Future Hold?

Vancouver Real Estate Forum
April 12, 2022
Bryan Yu, Chief Economist, Central 1

Rate hikes incoming and more aggressive moves possible

Bank of Canada Target Overnight Rate



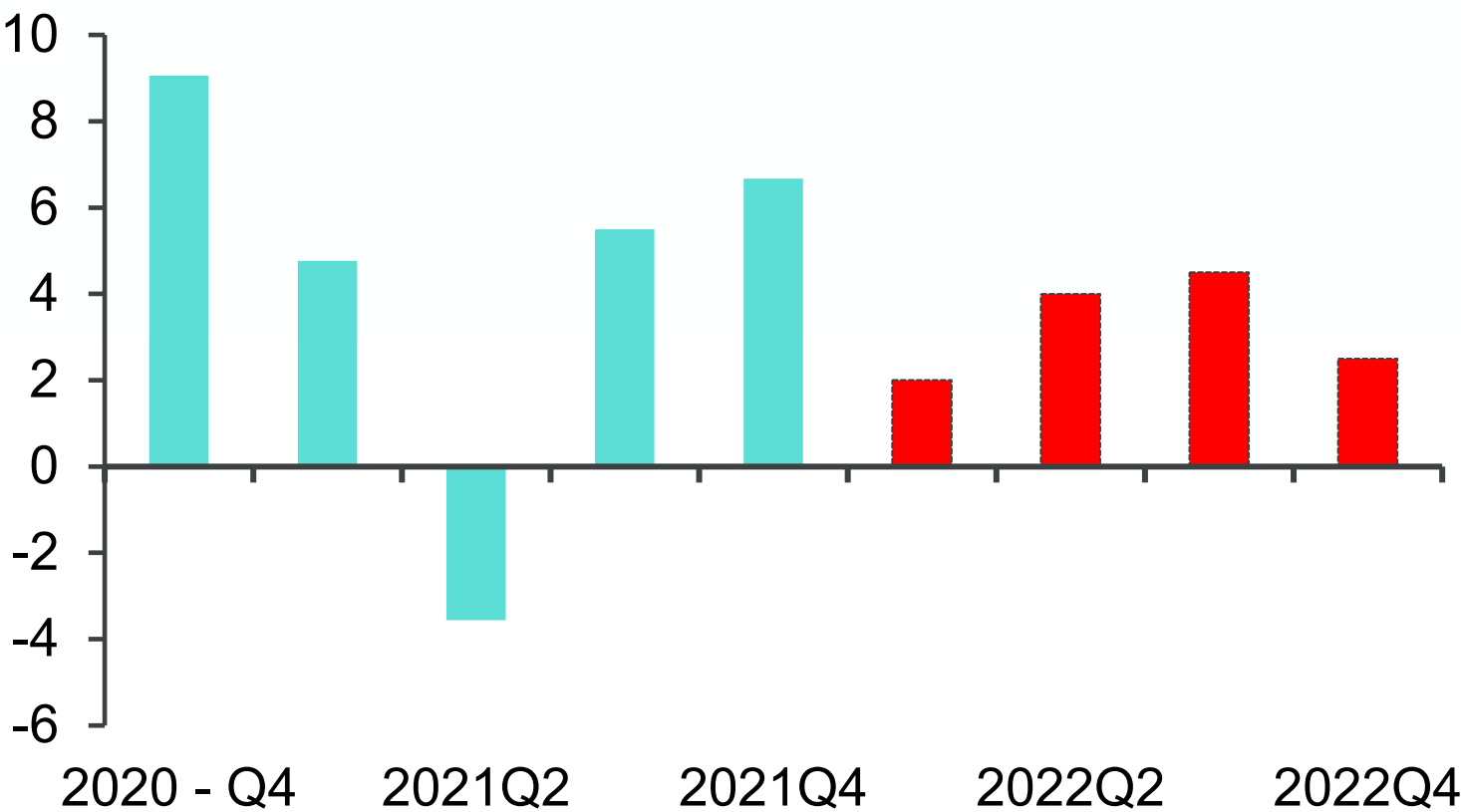
- Overnight rate forecast to reach 2% in 2022 with upside risk
- Europe conflict upward risk for inflation, downside risk for real growth
- Can Canadian (and U.S.) economies withstand aggressive rate maneuvers?

Source: Bank of Canada , Central 1

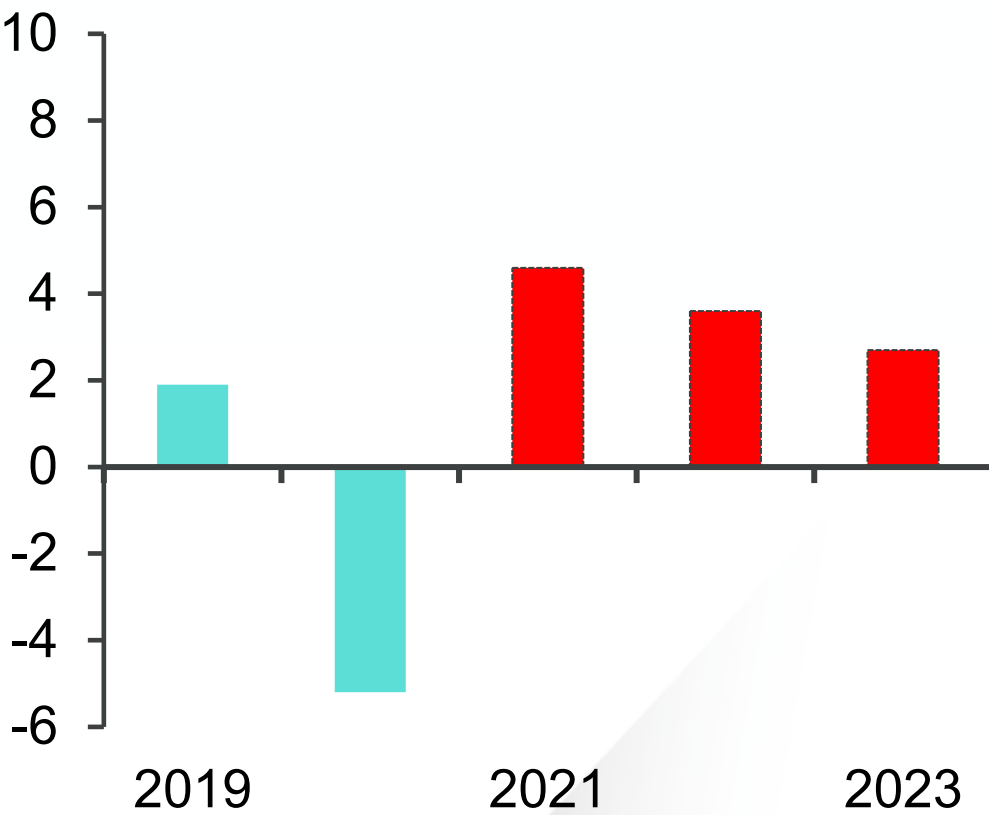


Economy to expand strengthens post- Omicron

Canada GDP forecast, q/q % annualized



GDP Forecast, Annual

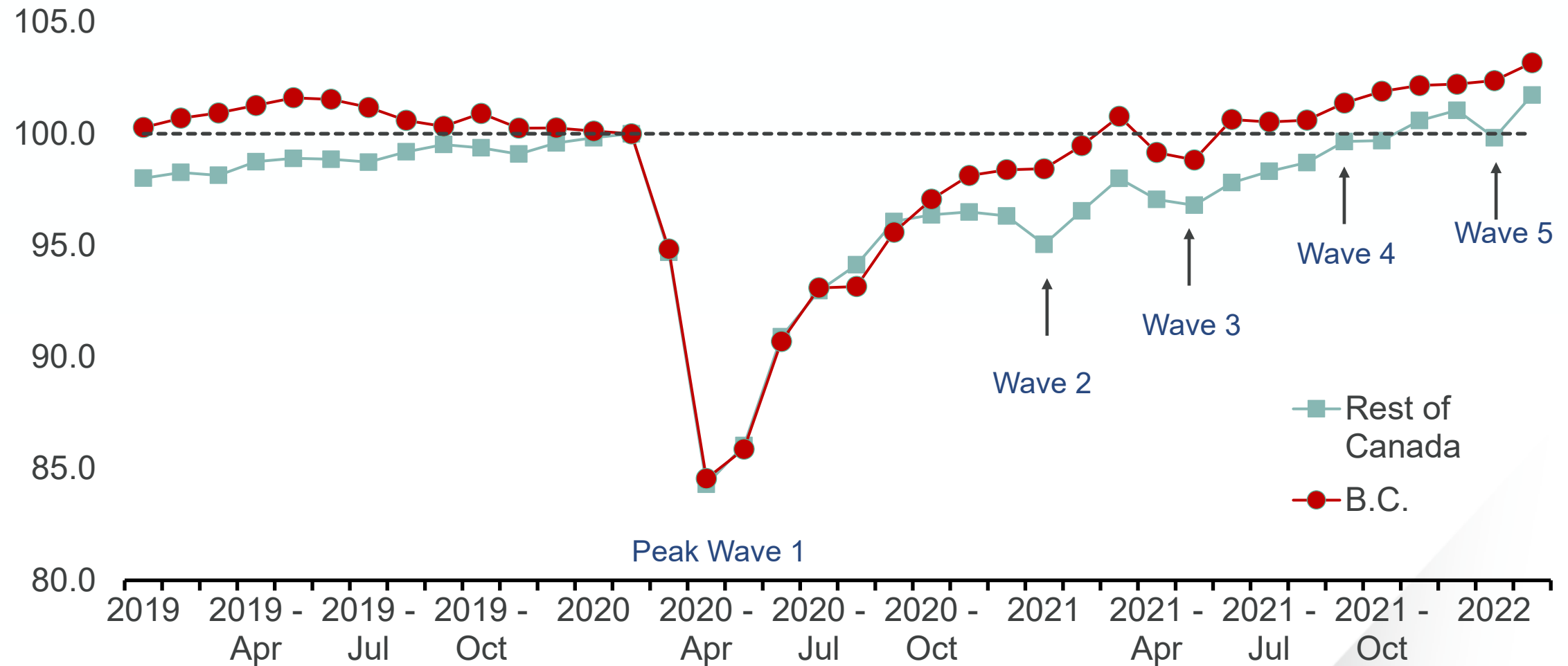


Source: Statistics Canada, Bank of Canada, Central 1



B.C. economic cycle outperforms during pandemic

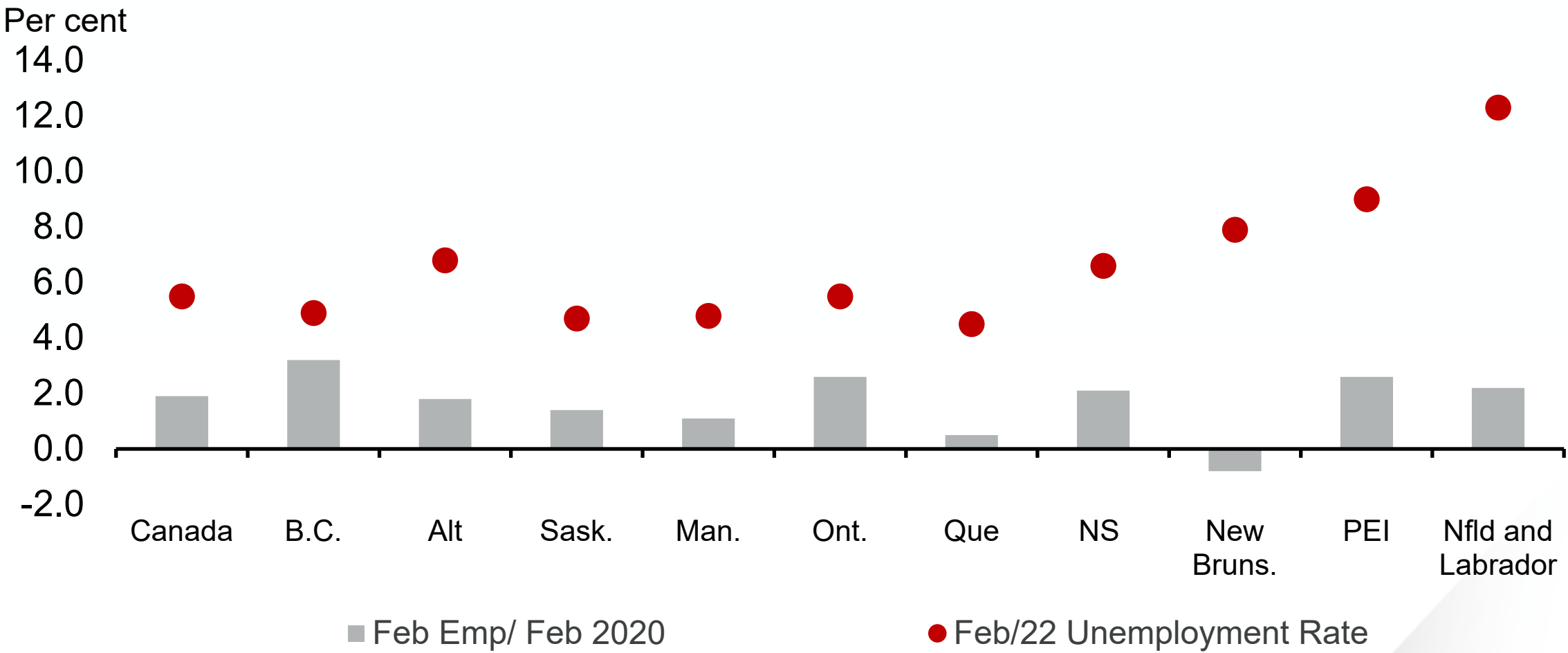
Employment index, February 2020 = 100



Source: Statistics Canada, Central 1



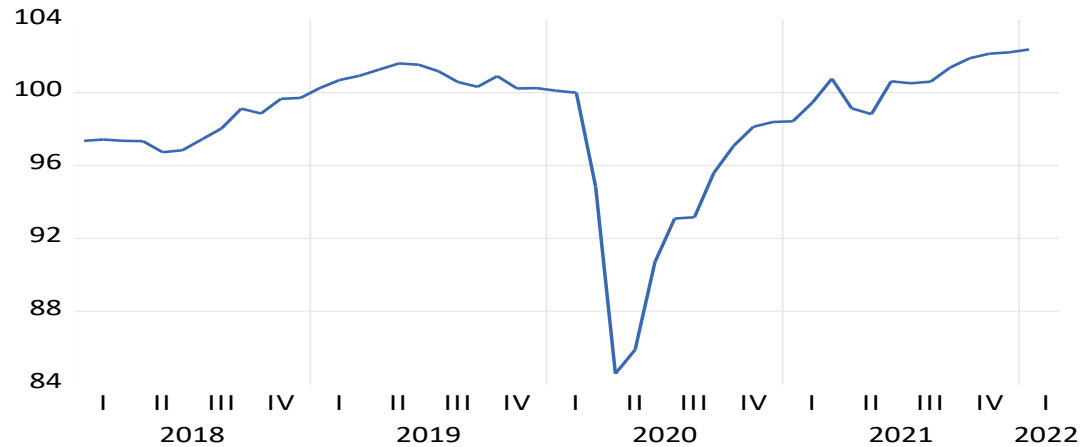
B.C. growth outperforms peers, employment fully recovers and joblessness sinks



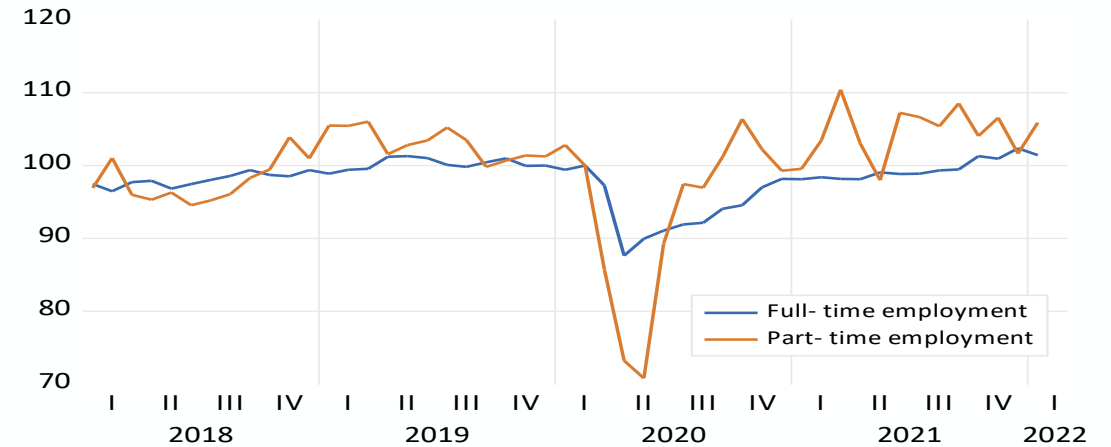
Source: Statistics Canada, Central 1

B.C. Labour market

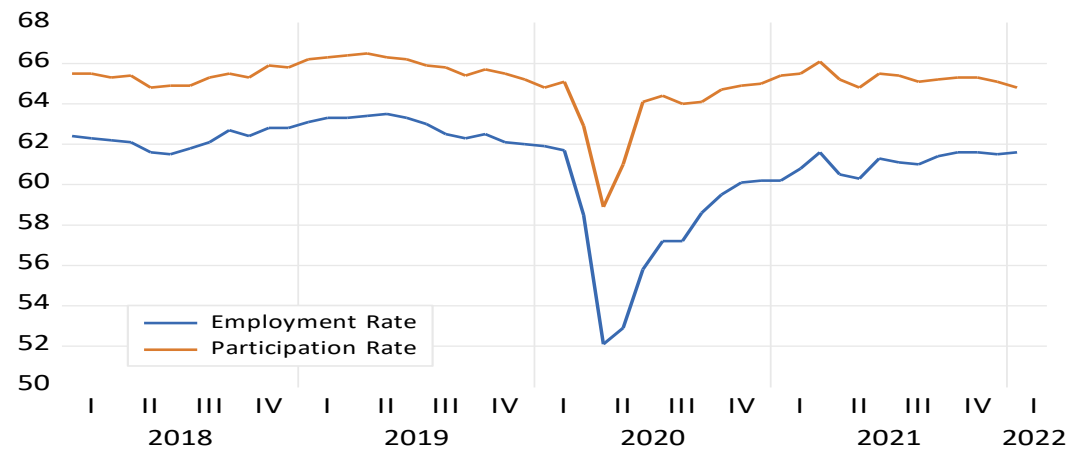
BC Employment, Feb/20 = 100



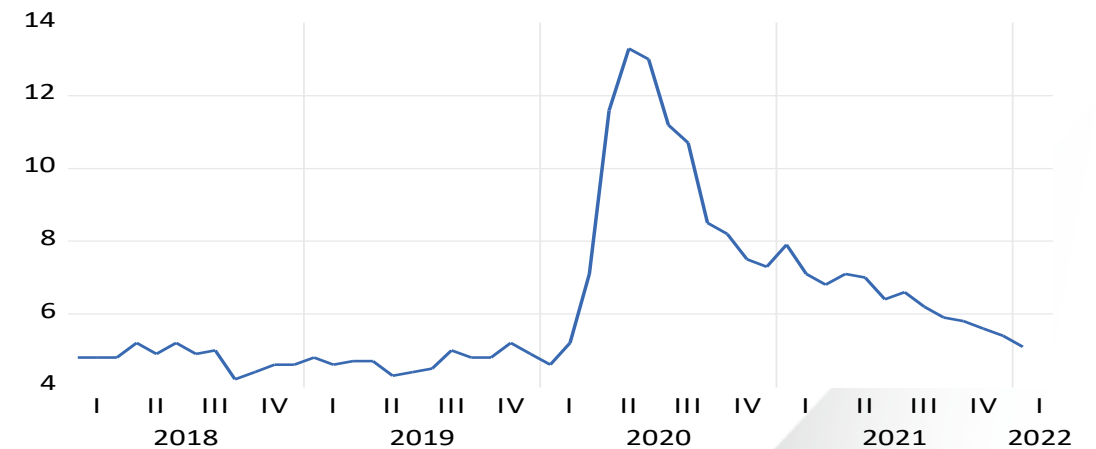
Full-time and part-time employment, Feb/20 = 100



Employment and Participation Rates (%)

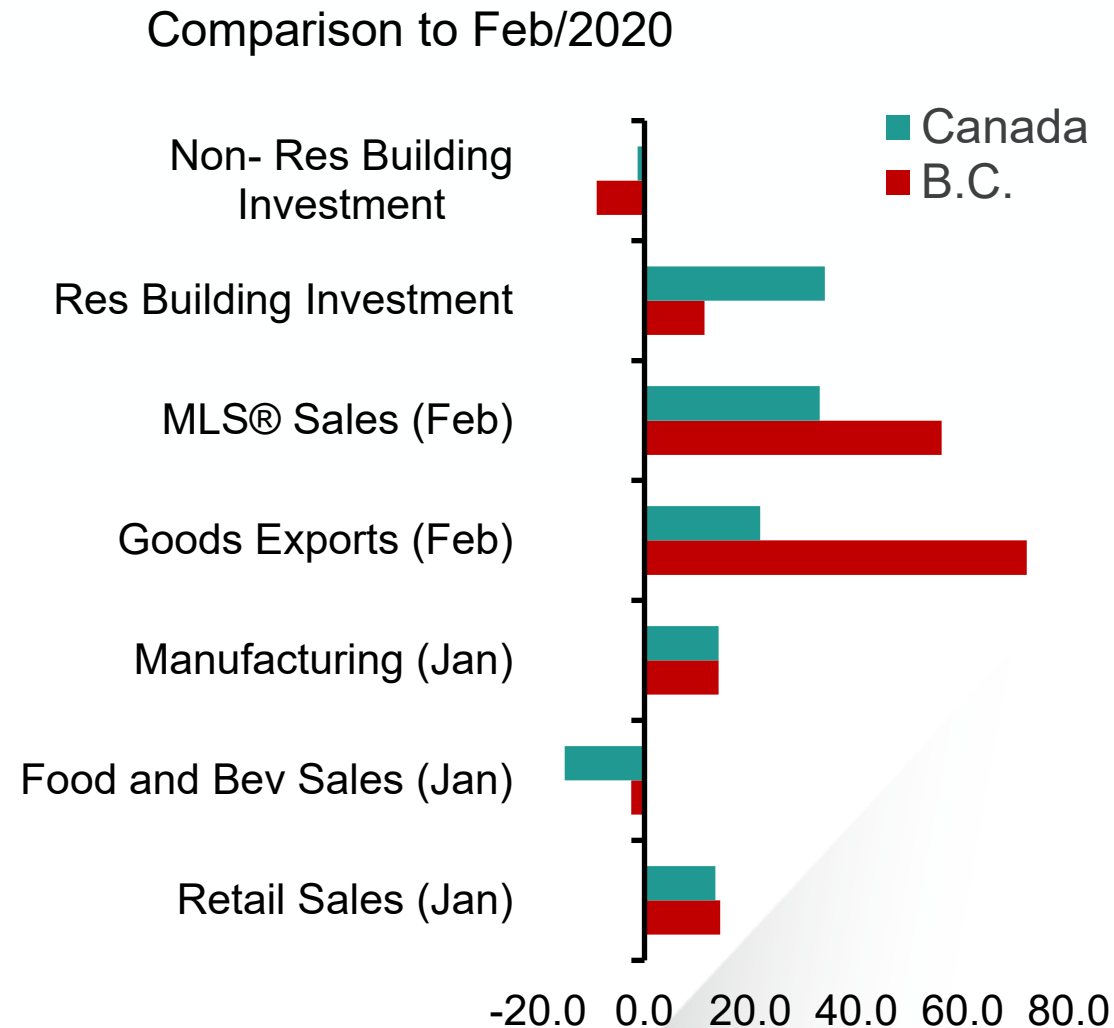
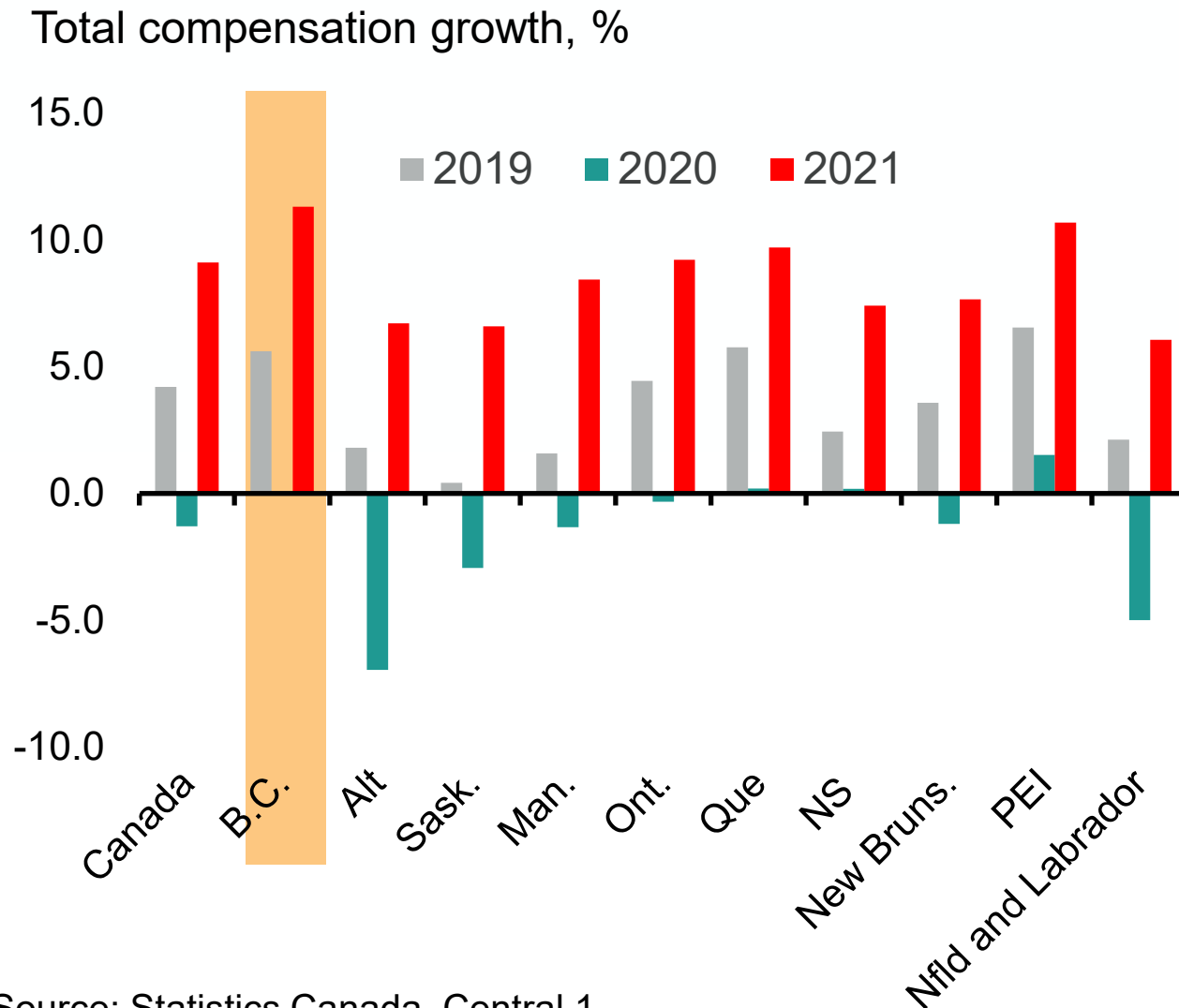


Unemployment Rate (%)



Source: Statistics Canada, Central 1

B.C. growth outperforms peers in key measures

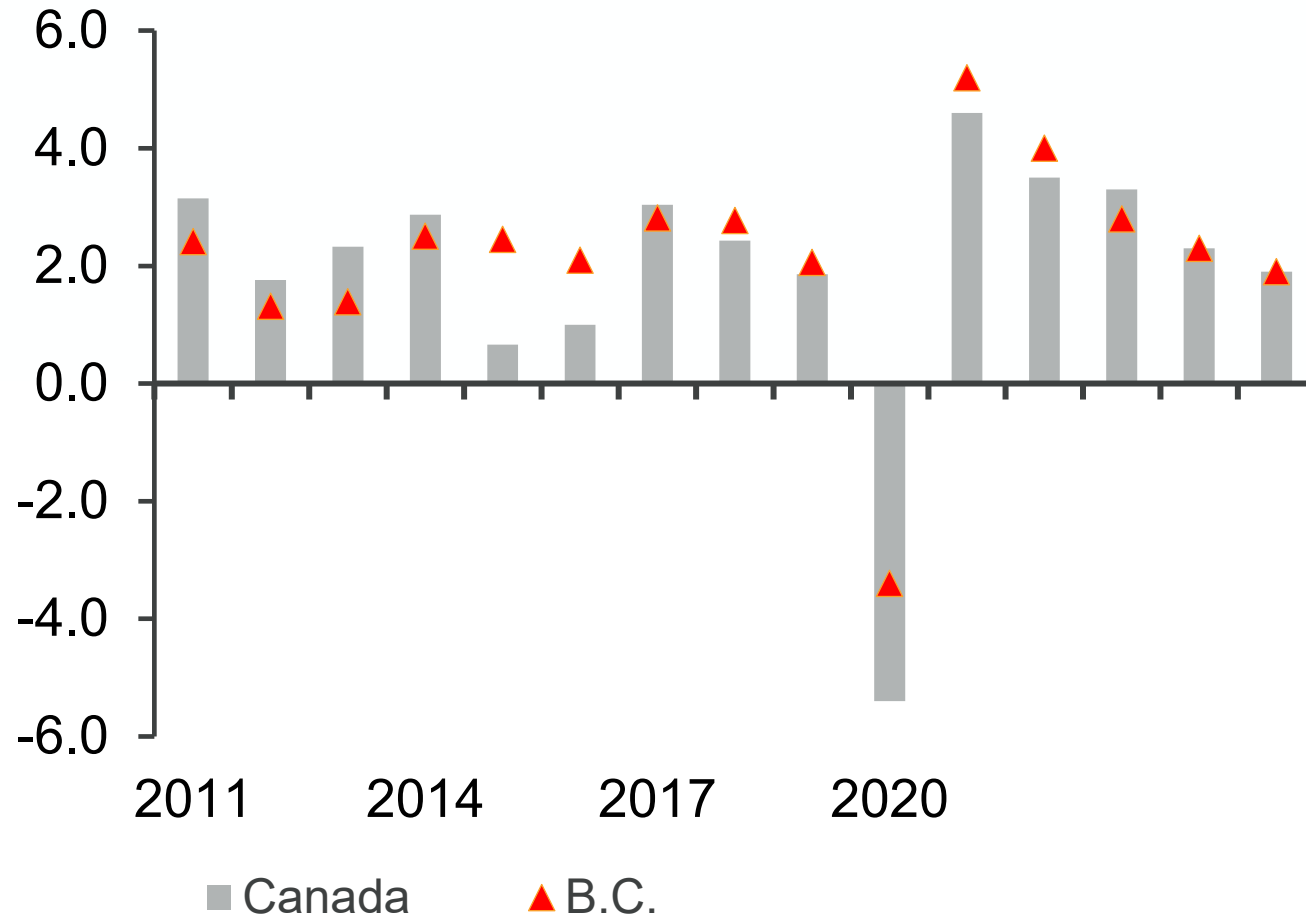


Source: Statistics Canada, Central 1



B.C. outpaces Canadian growth in 2021, trend slips below 2% by 2024

Growth in Gross Domestic Product, %, 2021 – 2025 Forecast



Source: Statistics Canada, Central 1

- 2022 – B.C. restrictions less intensive than peers
- Rotation towards services- oriented growth and exports for 2022, Omicron a risk
- Housing cycle to remain robust but less contribution to growth
- Infrastructure and capital spending strong, business investment picks up
- Population growth to accelerate



The graph displays the percentage of the population aged 65 and over for B.C. (red line) and Vancouver (blue line) from 1980 to 2020. The Y-axis represents the percentage, ranging from 60.0 to 110.0. The X-axis shows four 'Jan-22' labels, likely representing 1982, 1987, 1992, and 1997. A dashed green line is drawn at the 100.0% mark. Both regions show a significant increase in the percentage of the population aged 65 and over starting around 1985, with Vancouver's percentage dropping more sharply than B.C.'s around 1987.

Year (approx.)	B.C. (%)	Vancouver (%)
1980	100.0	100.0
1985	100.0	100.0
1987	85.0	82.0
1990	90.0	88.0
1992	95.0	92.0
1995	100.0	98.0
1997	102.0	100.0
2000	100.0	98.0
2005	102.0	100.0
2010	102.0	100.0
2015	102.0	100.0
2020	103.0	101.0

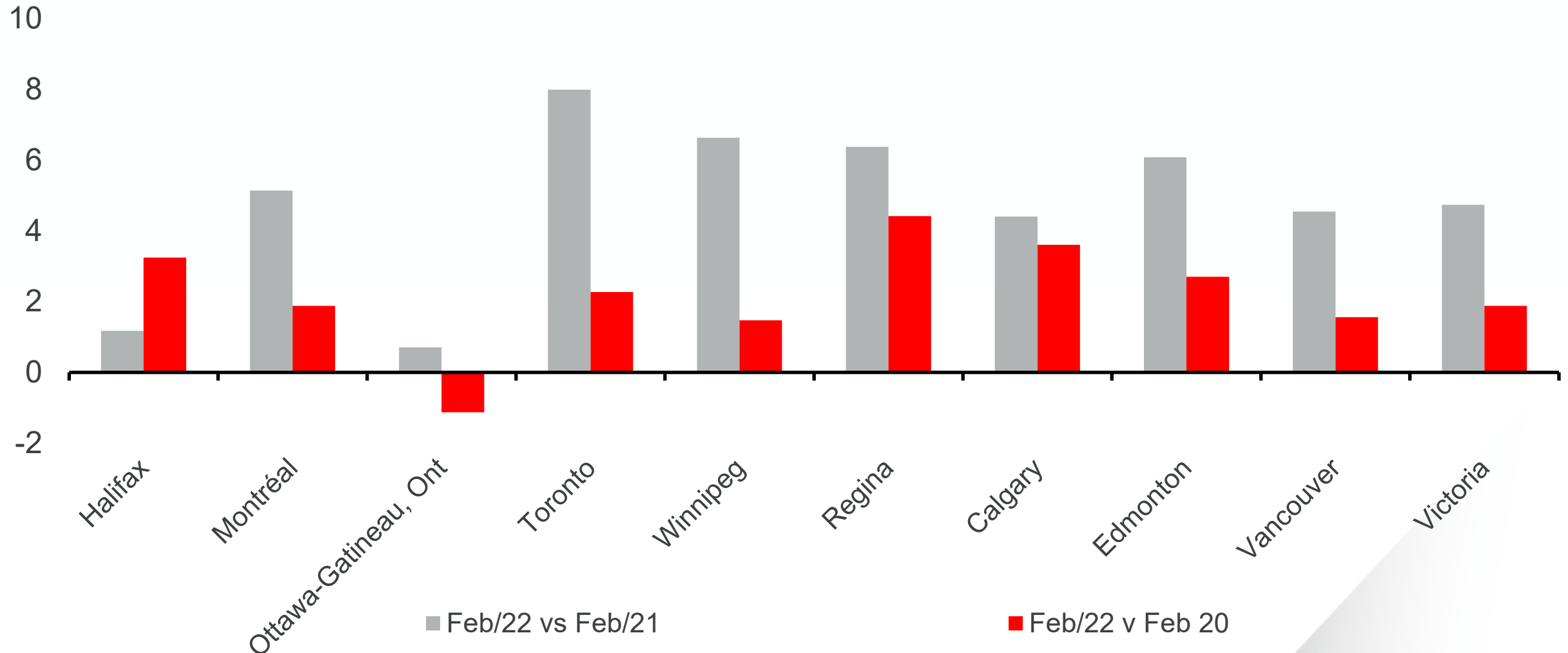
The graph displays the daily count of COVID-19 cases in Vancouver (red line) and the 7-day moving average (blue line) from January 2019 to January 2022. The y-axis represents the number of cases, ranging from 0.0 to 16.0. The x-axis shows the timeline in months. The data indicates a major surge in cases starting in late 2019, peaking in early 2020 at approximately 14 cases, followed by a decline and subsequent smaller fluctuations.

Date	Daily Count (Red Line)	7-Day Moving Average (Blue Line)
Jan/19	4.8	5.2
Feb/19	4.5	4.5
Mar/19	4.2	4.0
Apr/19	4.5	4.2
May/19	4.8	5.2
Jun/19	4.8	4.8
Jul/19	5.2	4.8
Aug/19	4.8	4.2
Sep/19	5.2	4.5
Oct/19	11.5	11.5
Nov/19	13.2	14.2
Dec/19	11.2	12.2
Jan/20	8.5	9.5
Feb/20	7.8	7.8
Mar/20	8.0	9.0
Apr/20	7.2	7.5
May/20	7.0	7.2
Jun/20	7.0	8.2
Jul/20	6.5	7.2
Aug/20	6.5	7.2
Sep/20	6.2	6.8
Oct/20	6.5	7.2
Nov/20	6.2	6.8
Dec/20	6.0	6.2
Jan/21	5.8	5.8
Feb/21	5.5	5.5
Mar/21	5.2	5.2
Apr/21	5.0	5.0
May/21	4.8	4.8
Jun/21	4.5	4.5
Jul/21	4.2	4.2
Aug/21	4.0	4.0
Sep/21	3.8	3.8
Oct/21	3.5	3.5
Nov/21	3.2	3.2
Dec/21	3.0	3.0
Jan/22	2.8	2.8



Metro Vancouver recovery lags other regions

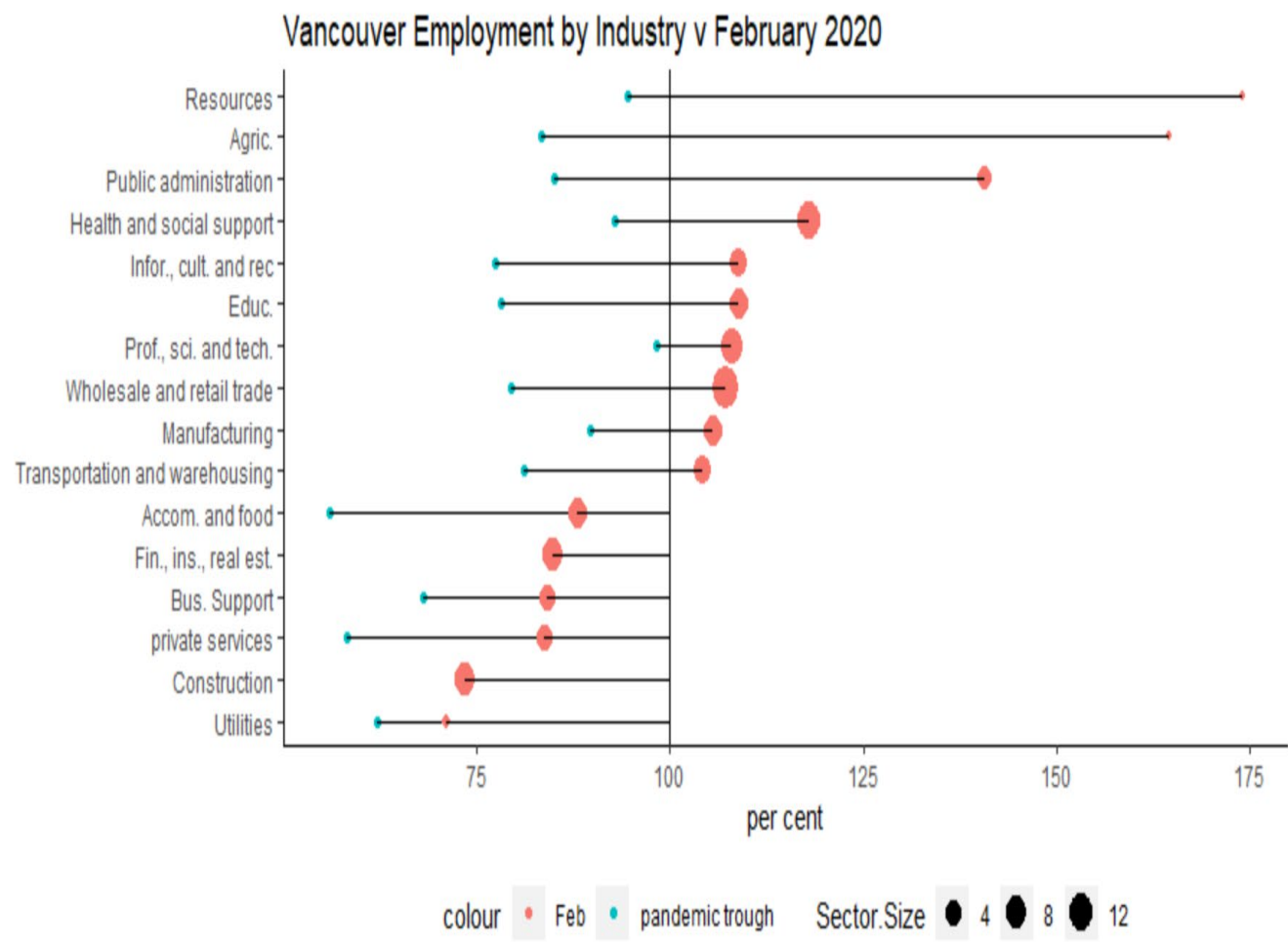
Labour Force Survey employment growth by select CMA, per cent change



Source: Statistics Canada, Central 1 *based on 3- month moving averages



Mixed performance among sectors but pandemic-sensitive sectors set to rebound sharply



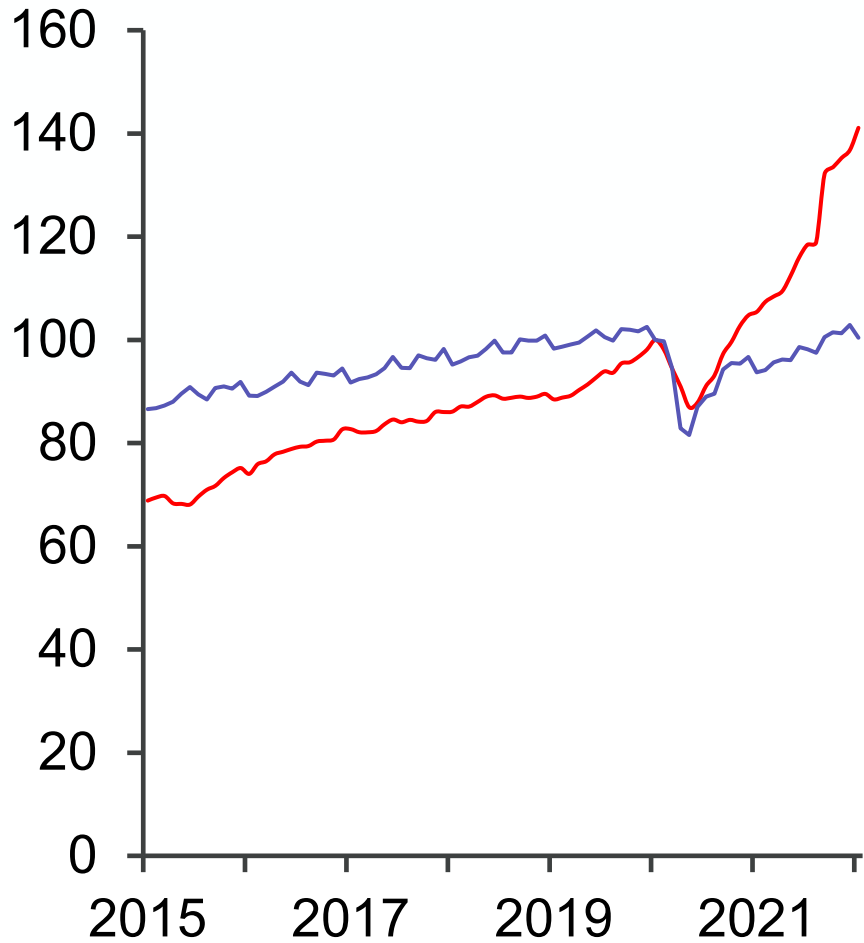
Data source: Statistics Canada, Central 1 Economics

- Key drivers include technology and knowledge sector expansion
- Consumer economy hums despite lower population growth
- Pandemic drivers of health and government rise
- Tourism sectors set to rebound sharply

Source: Statistics Canada, Central 1

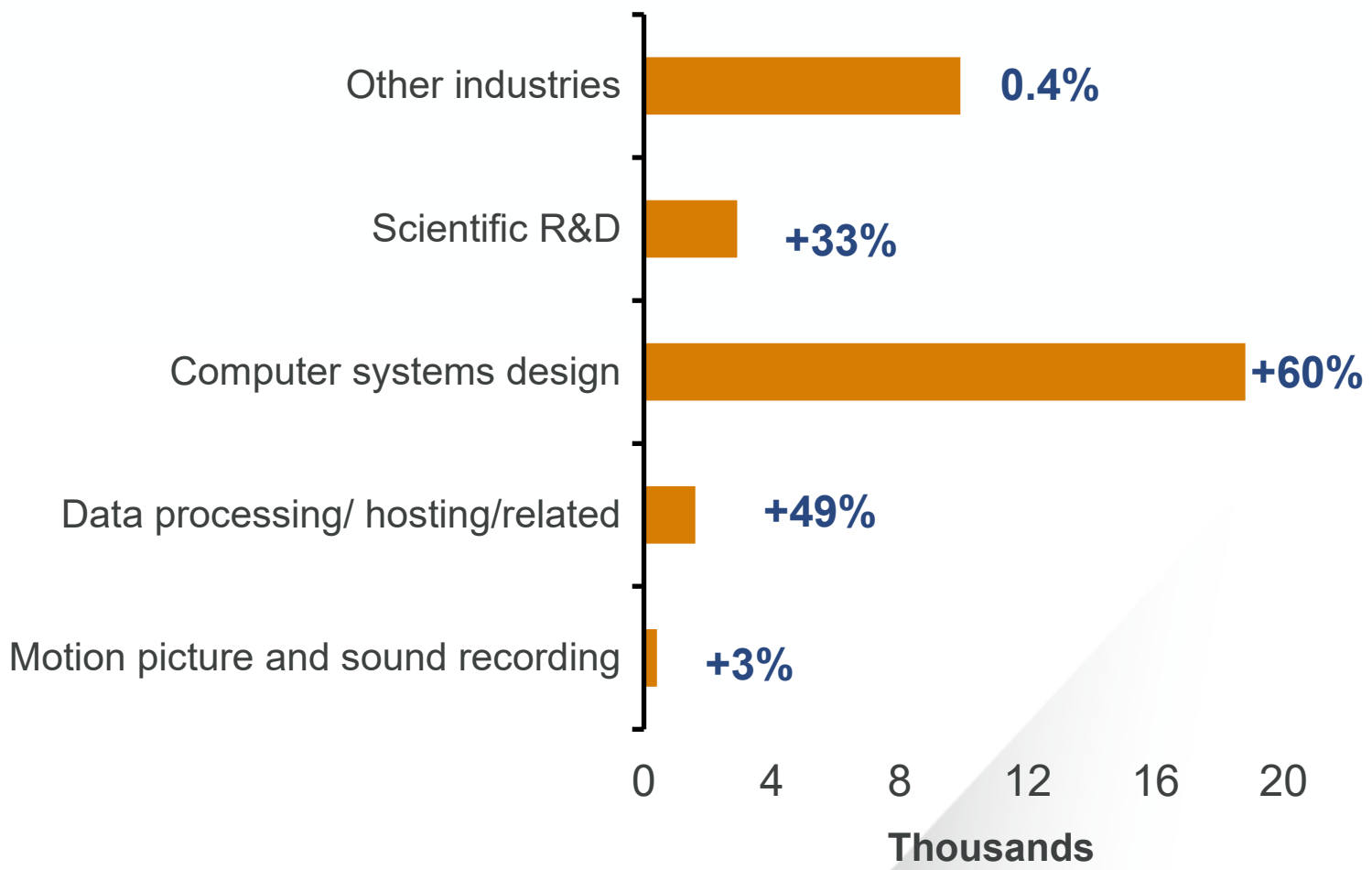
Tech and knowledge industries a key growth driver

B.C. payroll employment, Jan/20 = 100

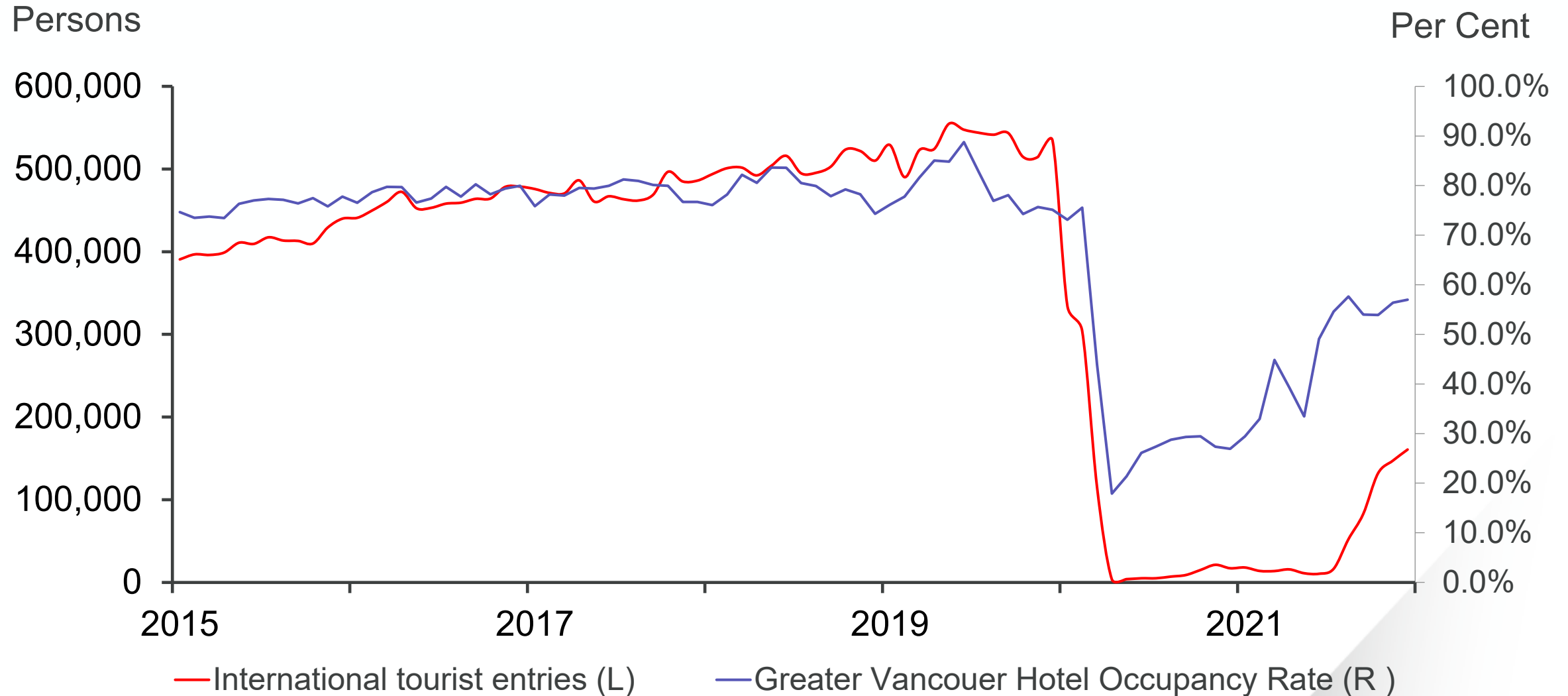


Source: Statistics Canada, Central 1, latest: Jan/22

Industry employment v Jan/20



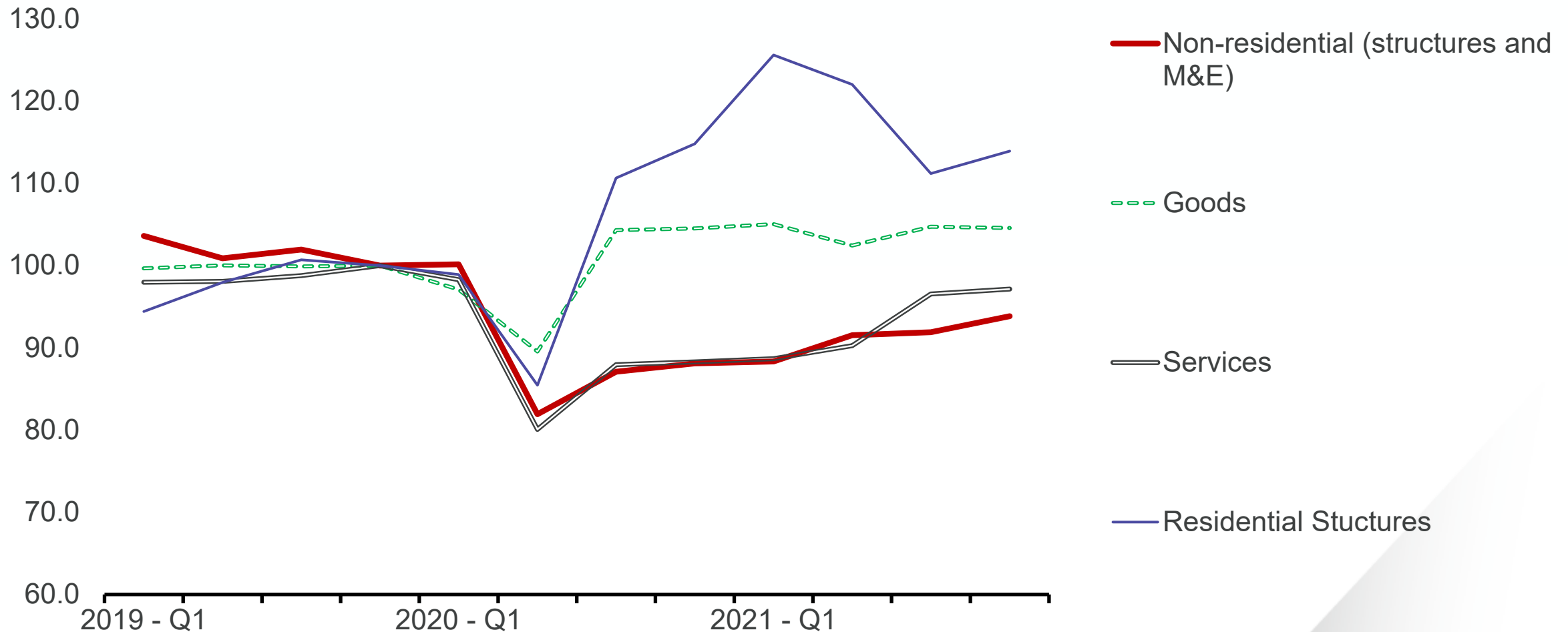
Tourism on the upswing, Omicron January dip temporary



Source: Statistics Canada, Central 1, latest: Jan/22

Business investment has more room to recover, consumer goods demand to slow

Real GDP by Select Expenditure, 2019Q4 =100

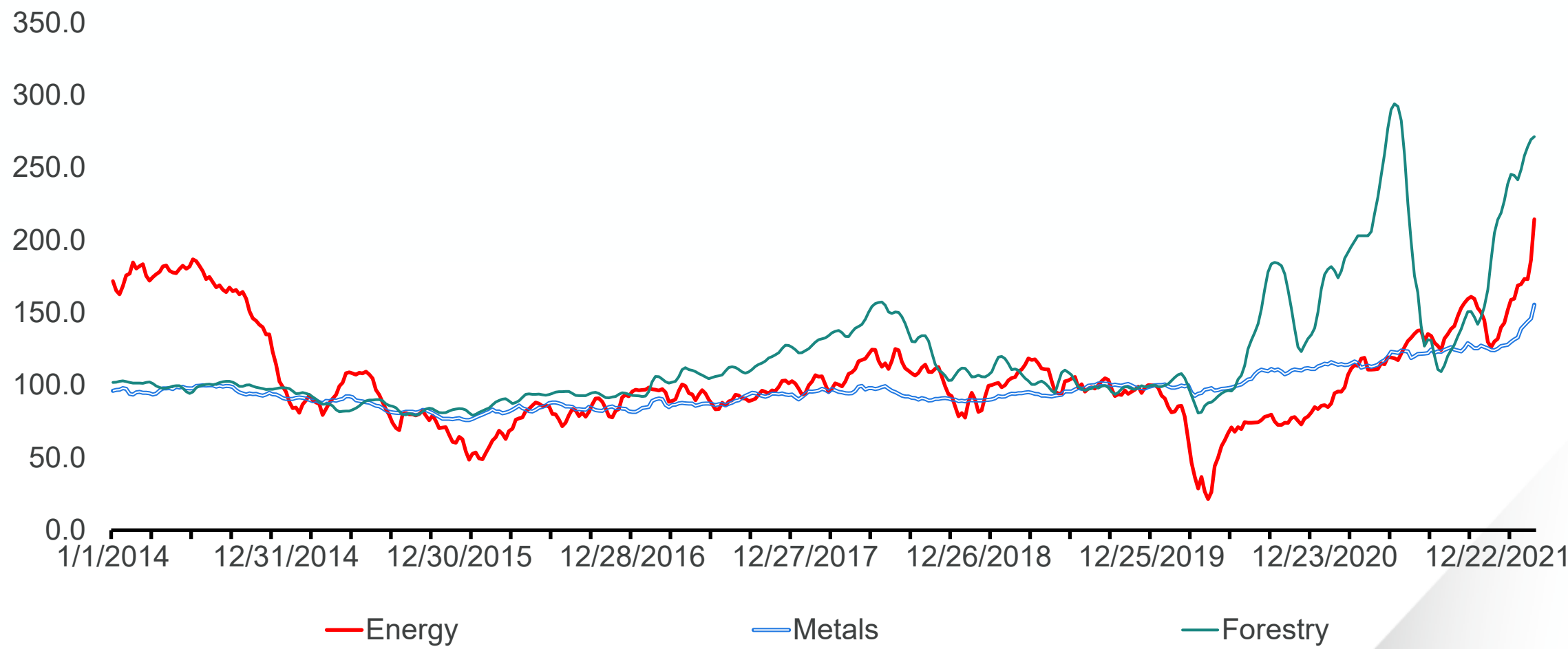


Source: Statistics Canada, Central 1



Commodity prices surge supports B.C. exporters

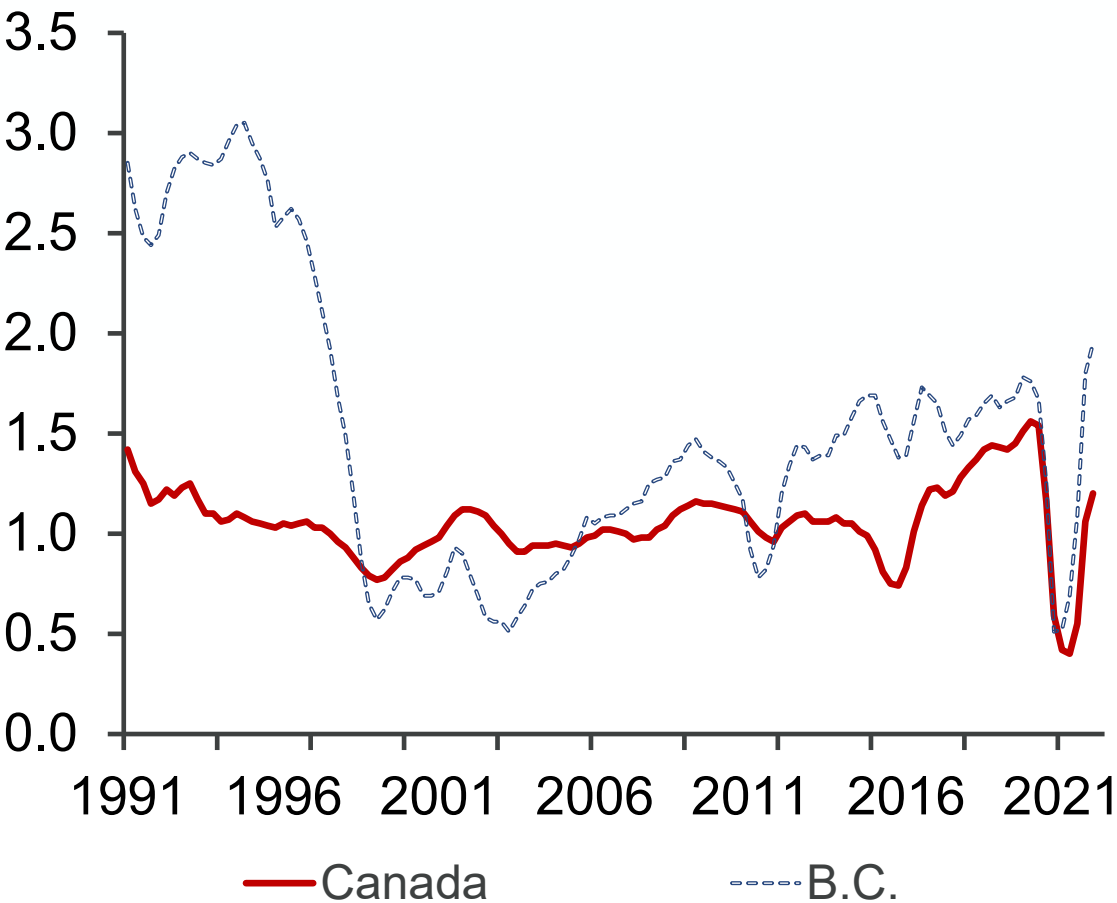
Commodity Price index, Jan/20 = 100



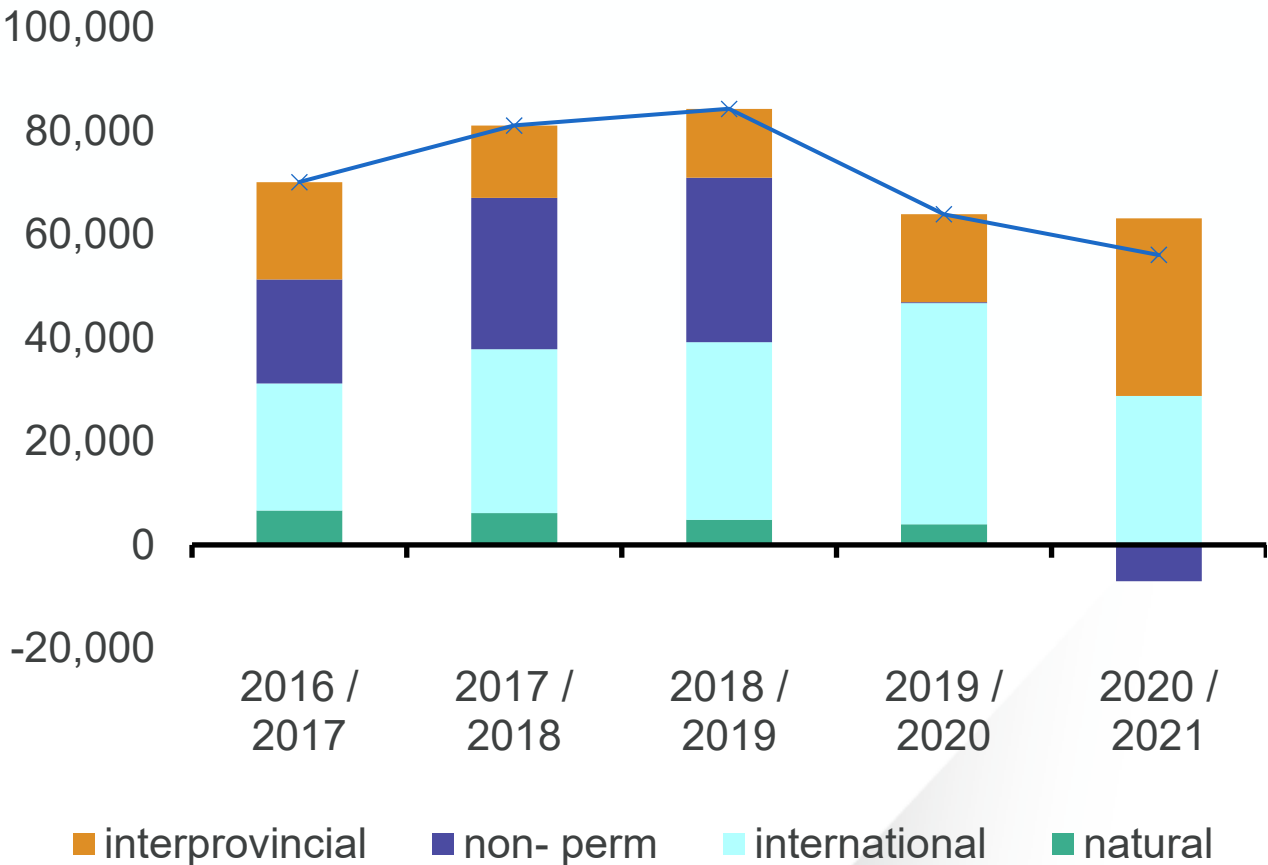
Source: Bank of Canada, Central 1

Interprovincial migration drives pandemic population growth

Population growth



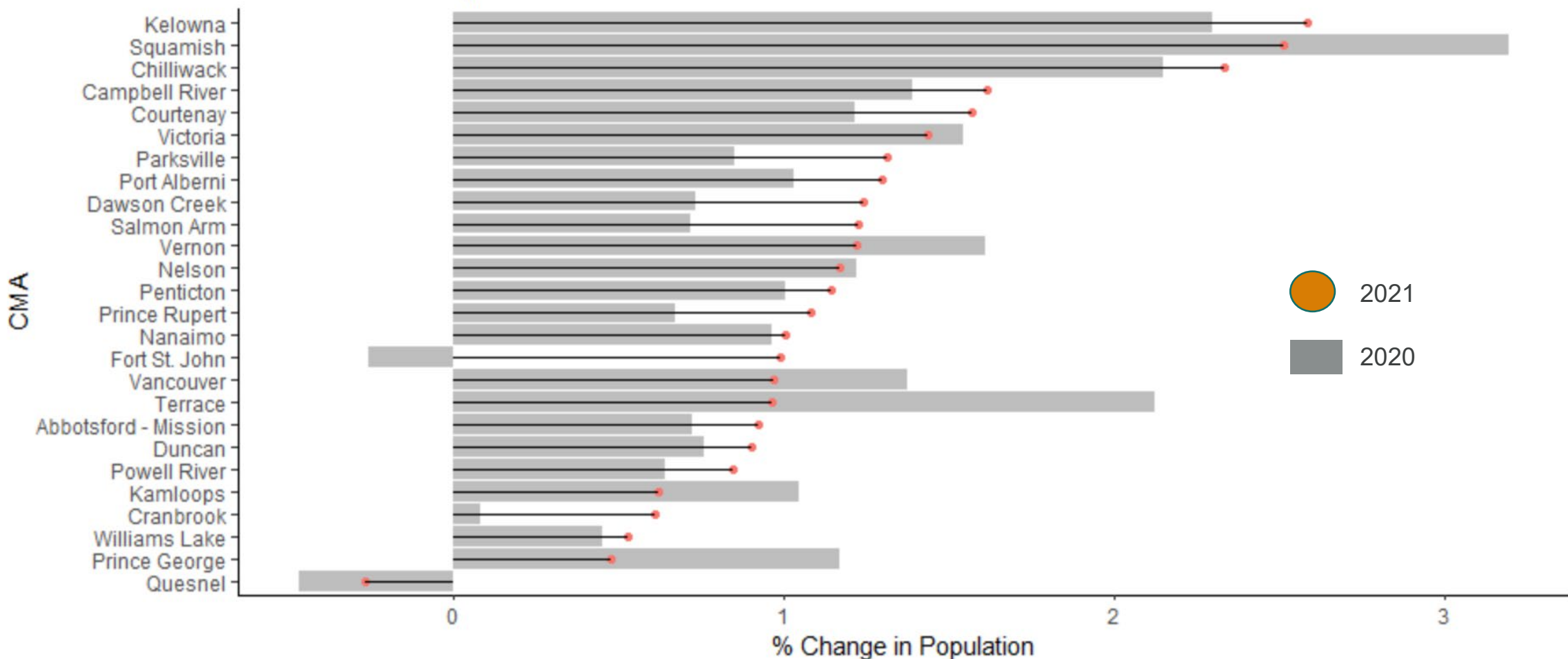
Net population growth by component



Source: Statistics Canada Central 1

Metro Vancouver population growth slowed sharply during the pandemic

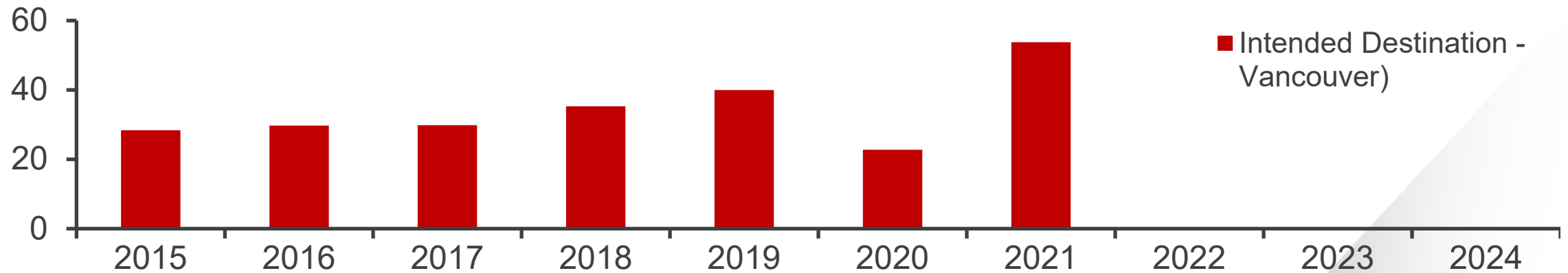
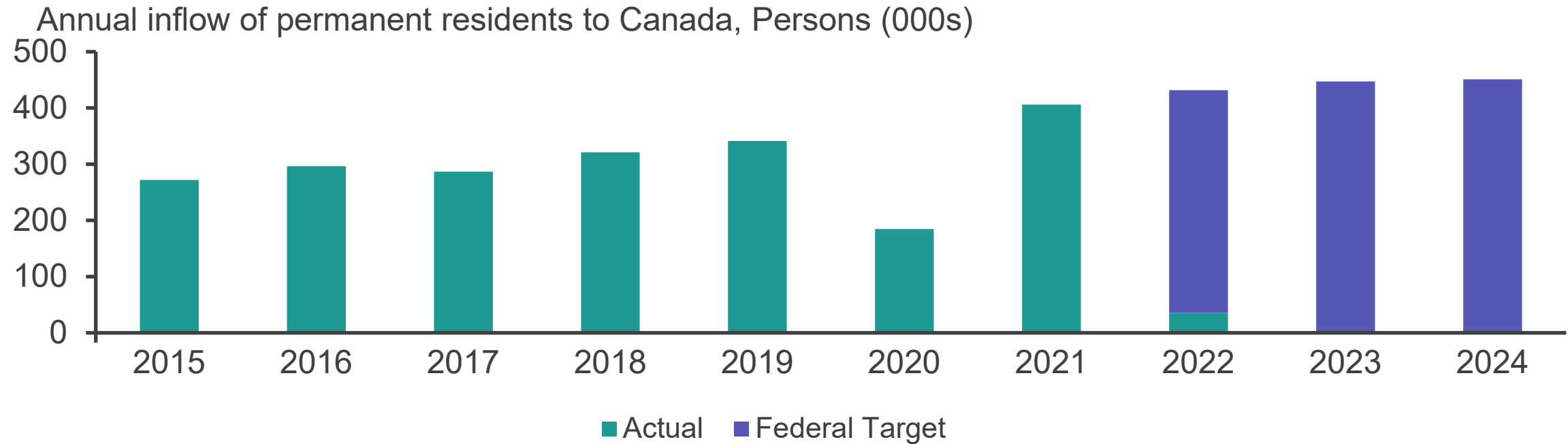
B.C. CMA/CA Population Growth



Data source: Statistics Canada, Central 1 Economics



Immigration to Canada set to surge on high federal targets

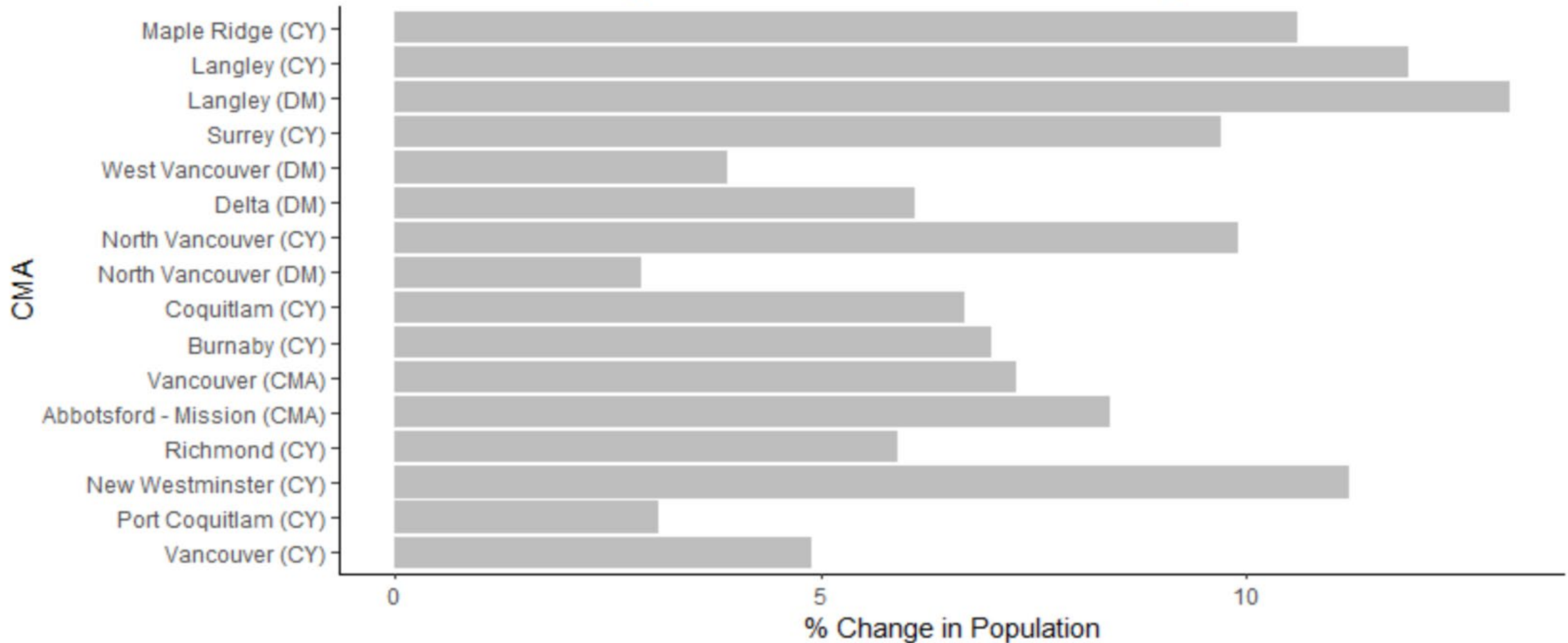


Source: IRCC, Central 1

Latest: Q1 2022

Extension of pre- pandemic trends

Lower Mainland Population Growth, 2016 - 21 census growth



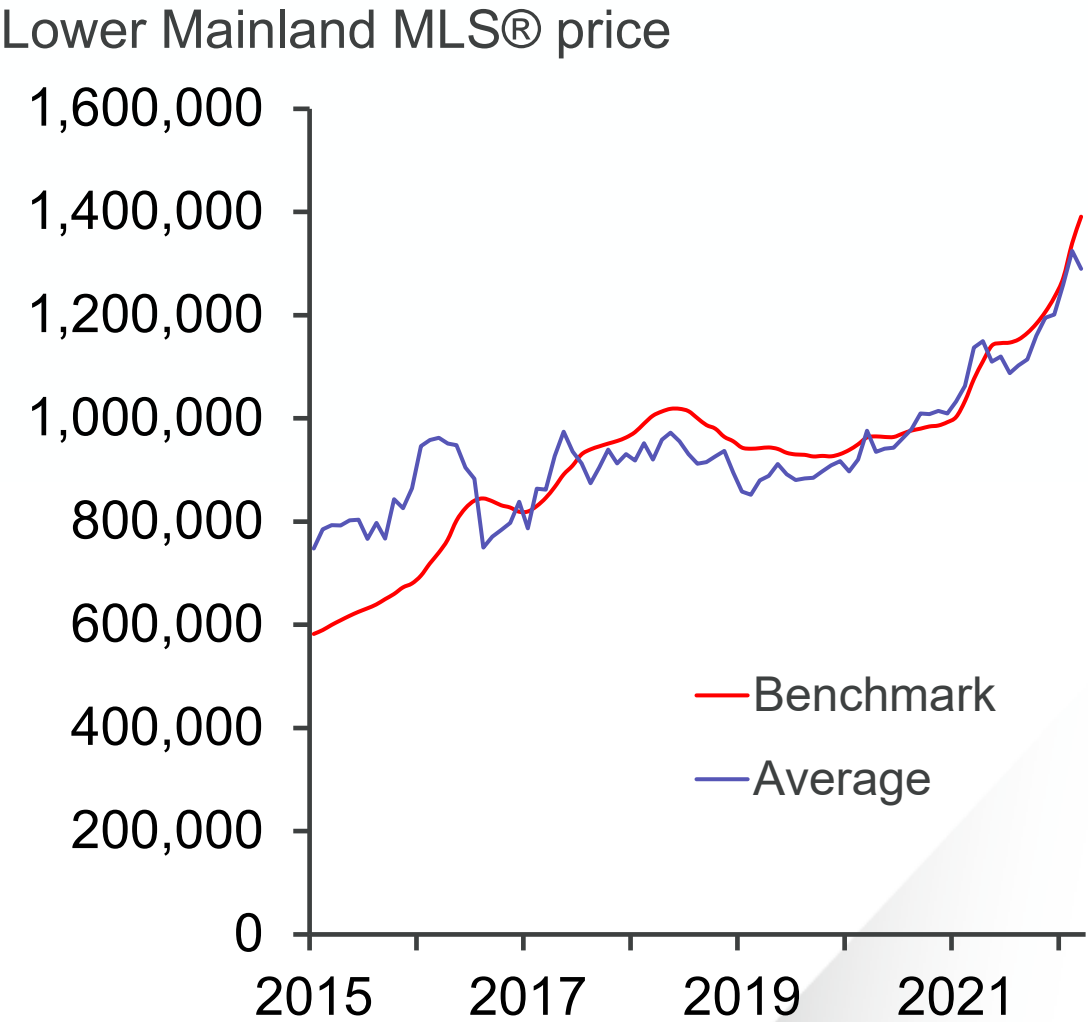
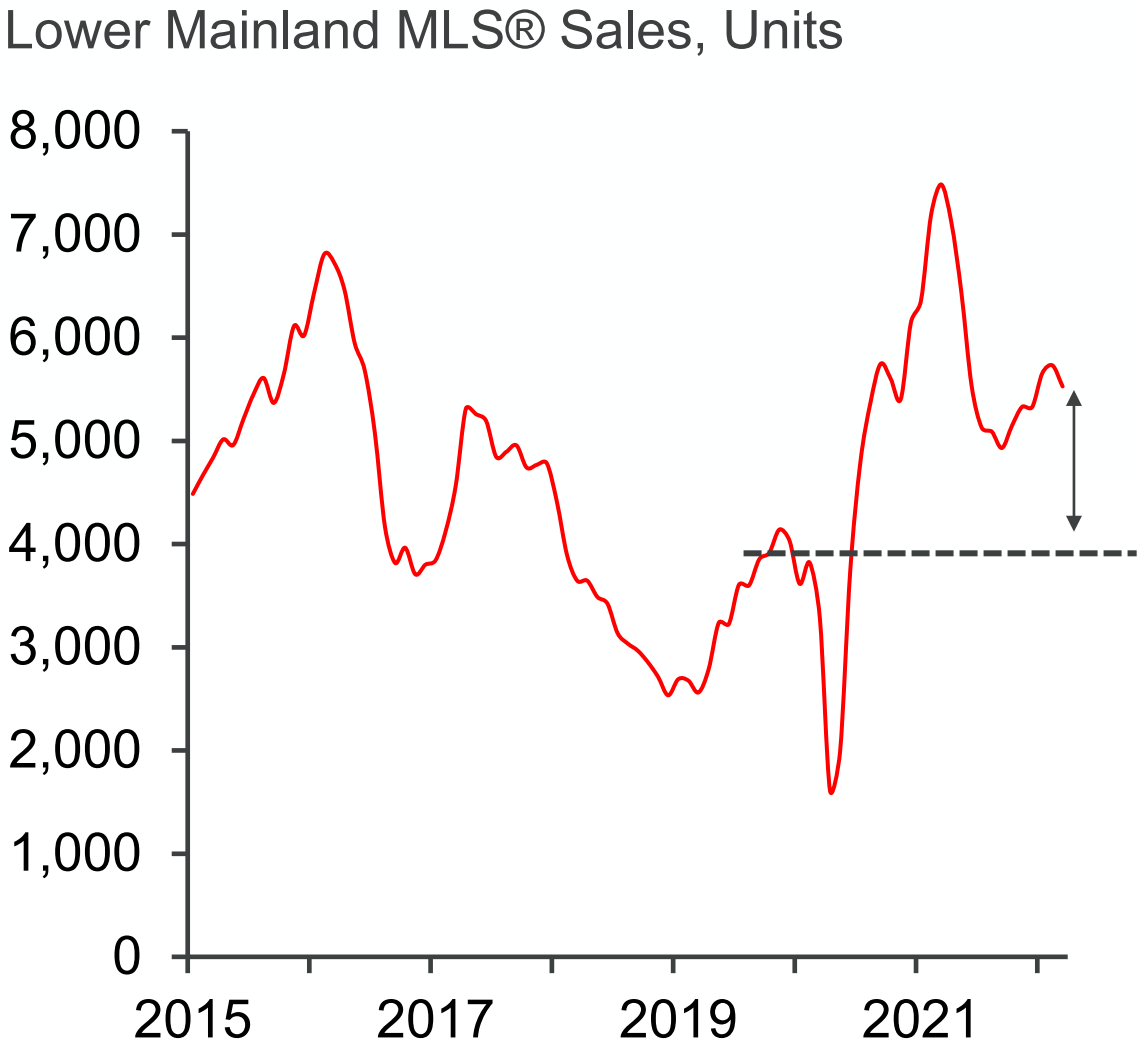
Data source: Statistics Canada, Central 1 Economics



Metro Vancouver Forecast

Vancouver CMA	2019	2020	2021	2022	2023
Labour Force (000s)	1,576.0	1,515.0	1,612.7	1,654.0	1,682.0
% ch.	3.6	-3.9	6.5	2.6	1.7
Total Employment (000s)	1,503.2	1,375.2	1,499.7	1,561.0	1,594.0
% ch.	3.4	-8.5	9.1	4.1	2.1
Unemployment Rate	4.6	9.3	7.0	5.6	5.2
Residential Permits (\$ millions.)	7,902.9	7,100.0	7,400.3	7,850.0	8,200.0
% ch.	-6.5	-10.2	4.2	6.1	4.5
Non-Residential Permits (\$ millions.)	3,778.4	3,078.0	2,896.1	3,400.0	3,700.0
% ch.	-2.5	-18.5	-5.9	17.4	8.8
Population (000s)	2,709	2,746	2,773	2,820	2,870
% ch.	1.9	1.4	1.0	1.7	1.8

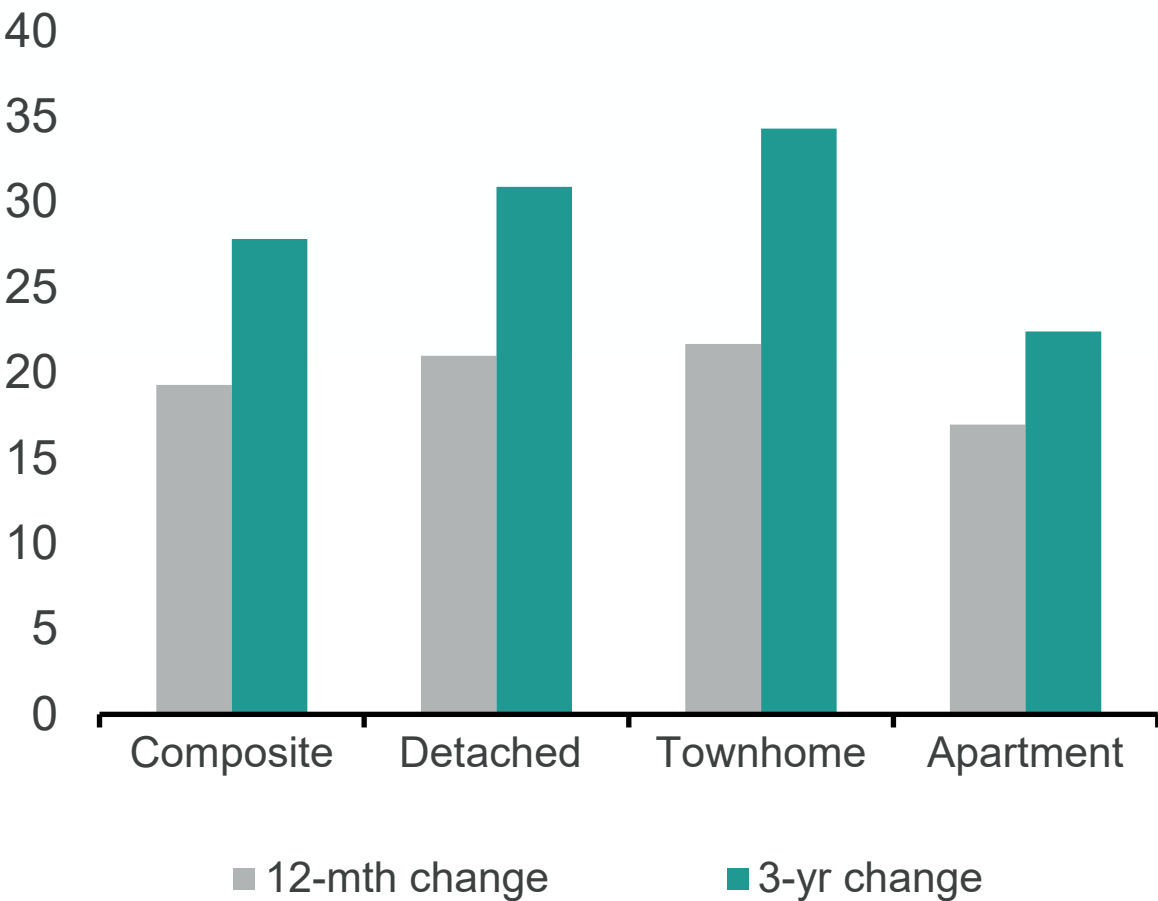
Housing demand remains strong into March, but average price dips



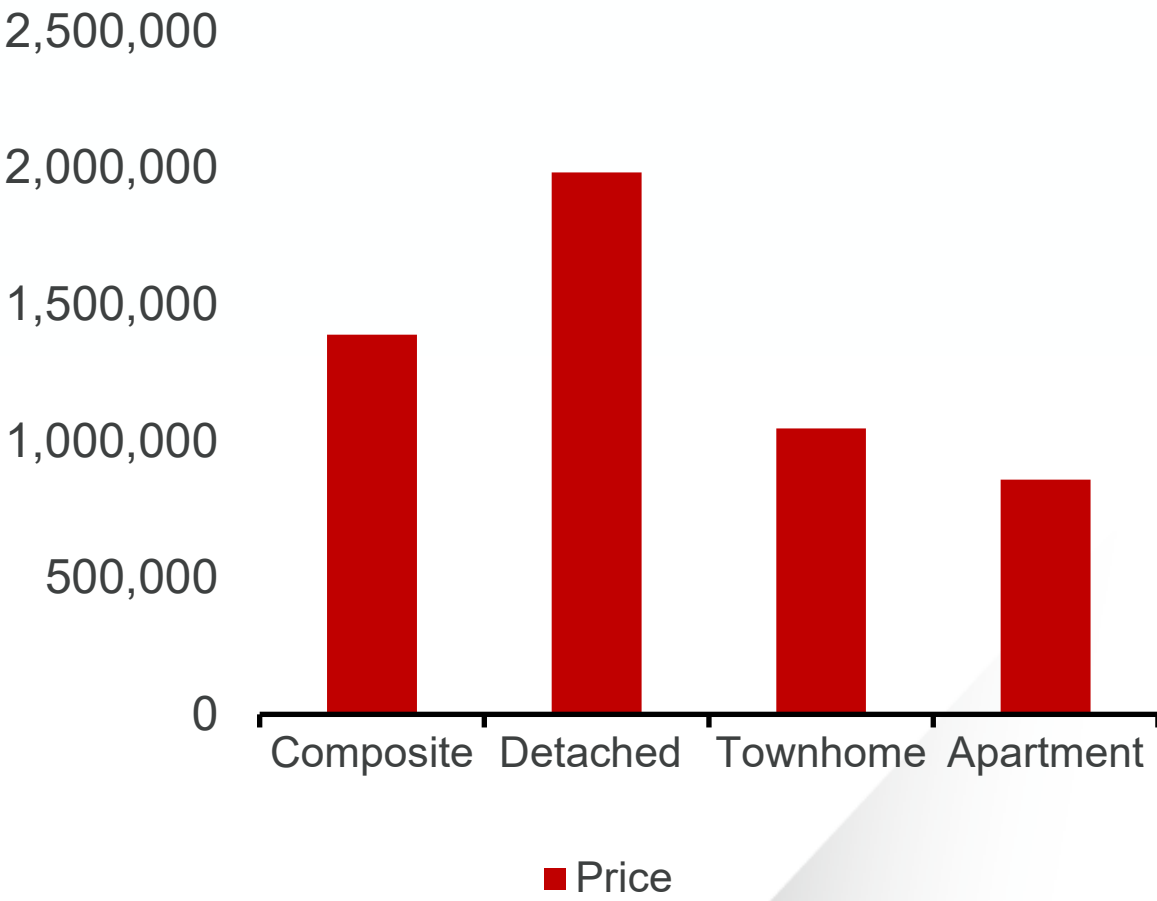
Source: CREA, Central 1, latest: Mar/22

Growth acceleration driven by ground- oriented units

Lower Mainland Benchmark Price % change



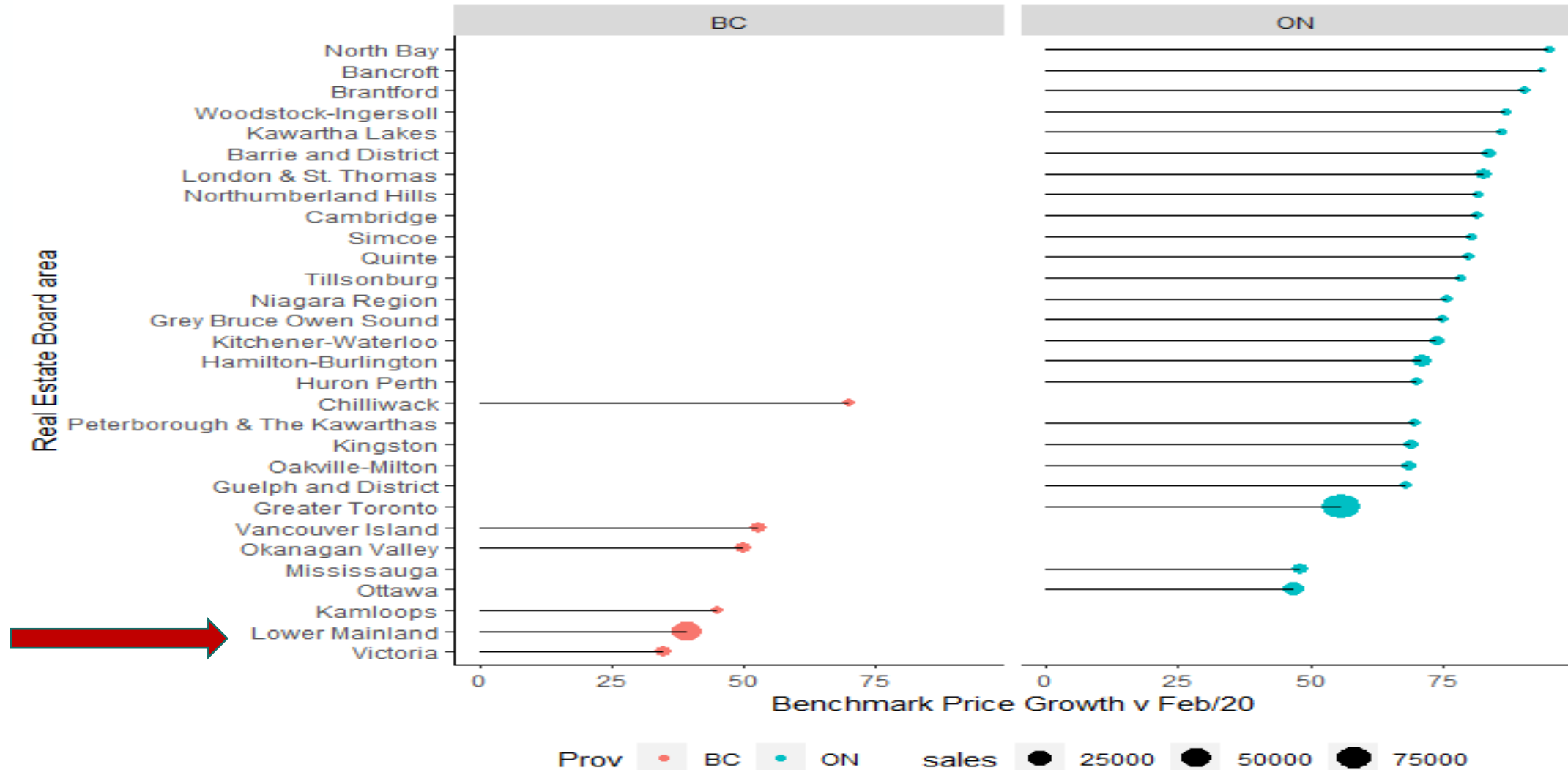
Lower Mainland Benchmark Price



Source: CREA, Central 1

Latest: Dec/21

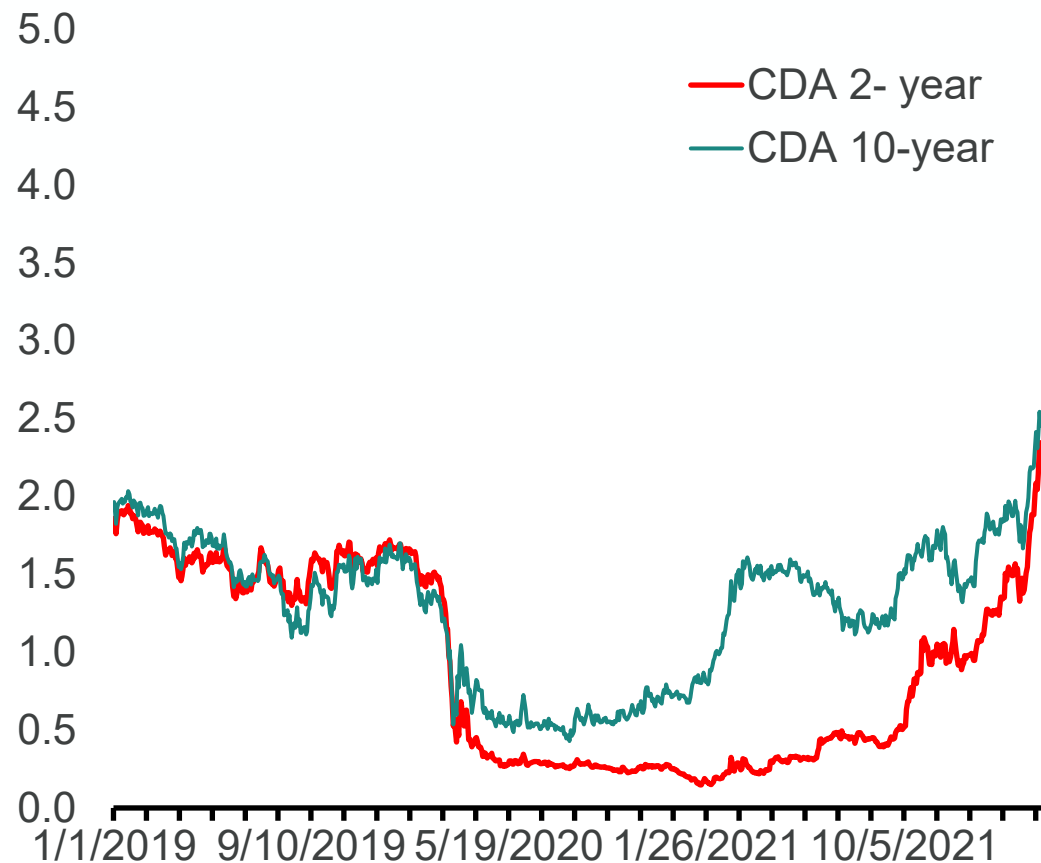
Lower Mainland price growth not that impressive, small markets dominate during pandemic



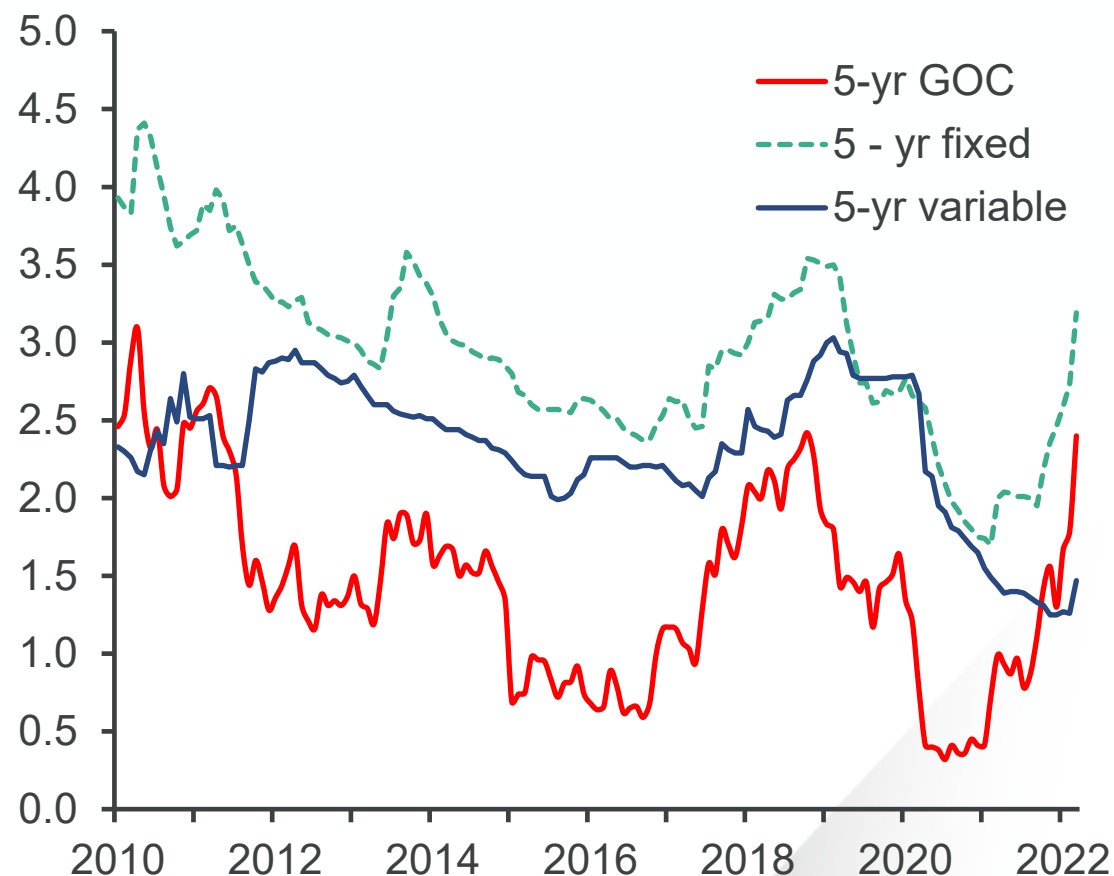
Source: CREA, Central 1 * sales (2019)

Rates increases amplify affordability constraints

Canada Yield, %, Daily



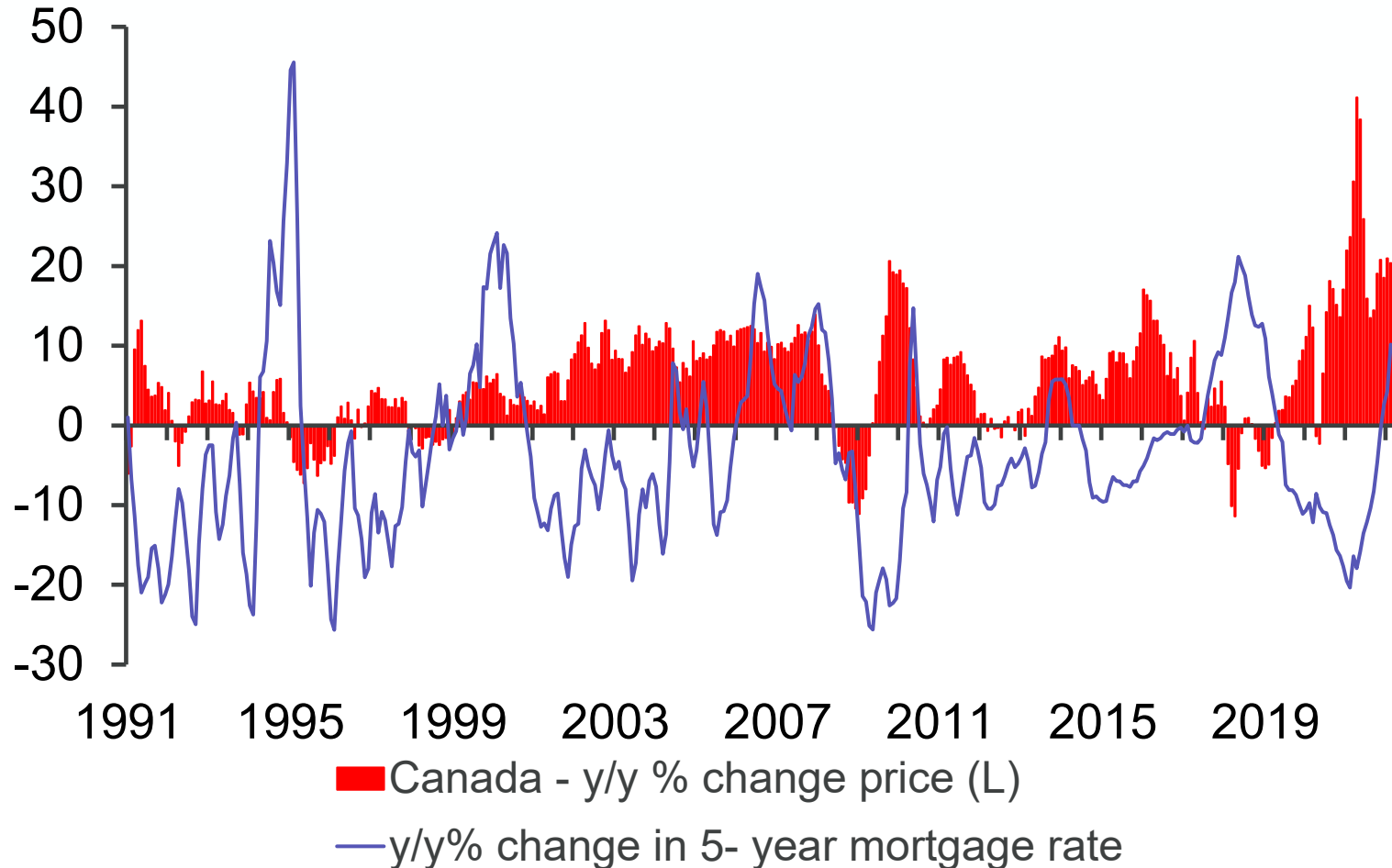
Administered rates



Source: Bloomberg, Central 1

Sharp movements in rates tend to curtail prices

Per cent

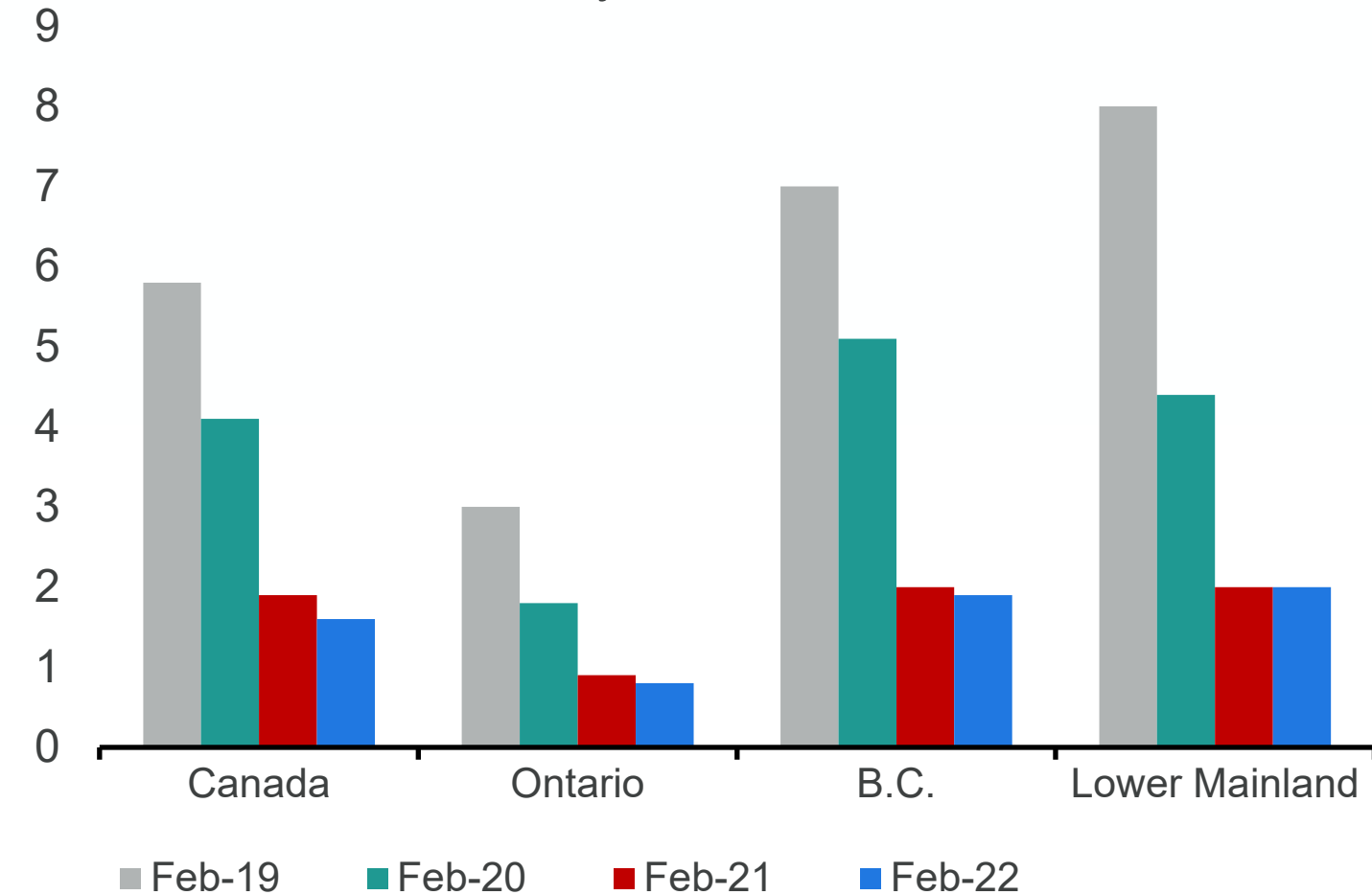


- Affordability constraints from high home prices and higher interest rates
- Foreign purchaser ban

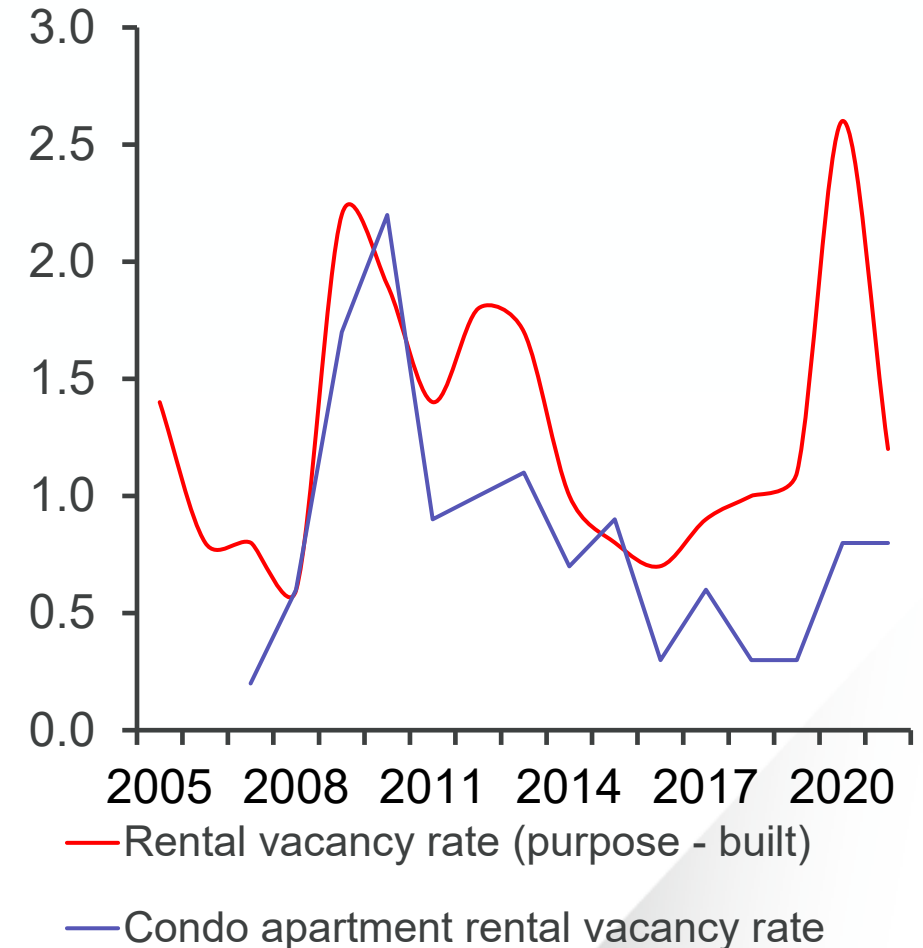
Source: CREA, Statistics Canada, Central 1, latest: Mar/22

Supply remains a key constraint and supportive of prices

Months of MLS® inventory



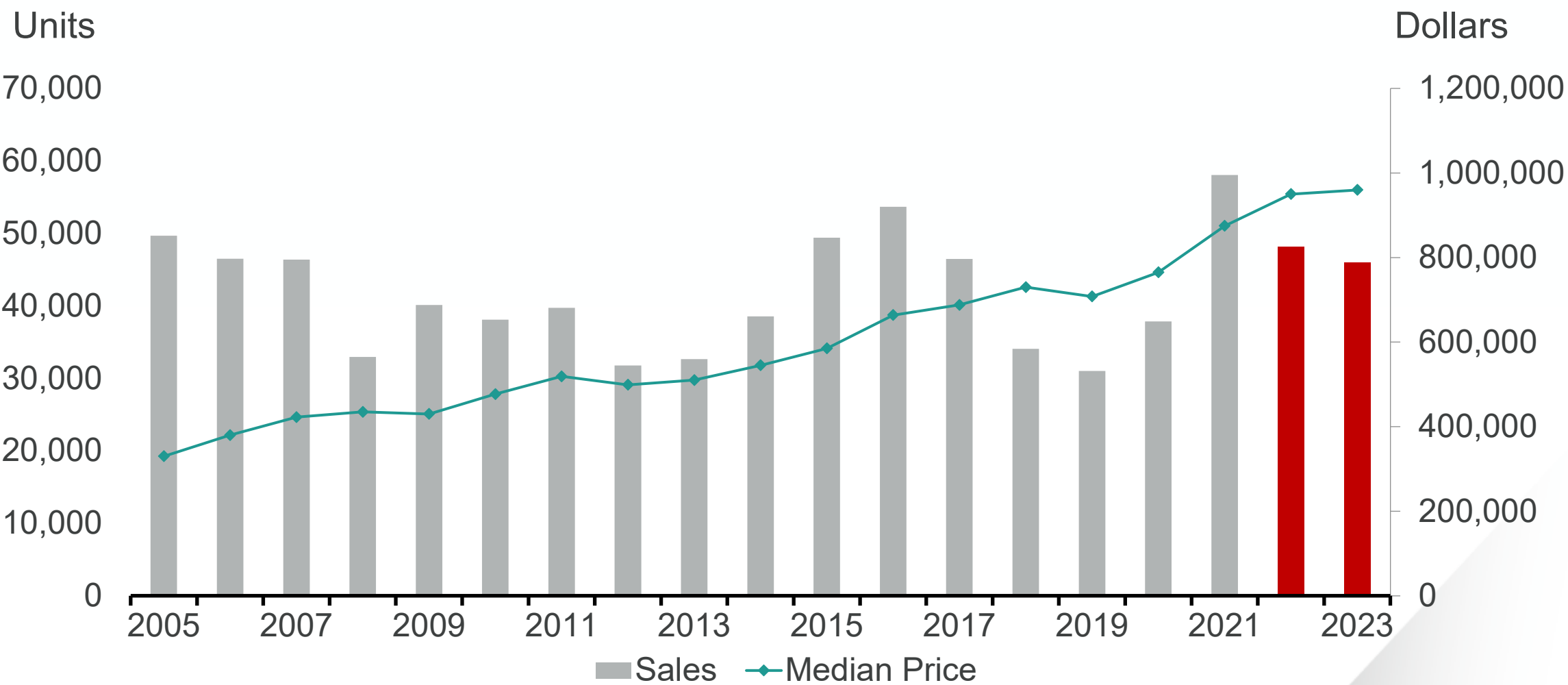
Rental vacancy rates, per cent



Source: CREA, BCREA, Central 1 *based on seasonally-adjusted data

Latest: Feb/22

Slowdown expected, housing remains active sector



Source: Landcor, Central 1

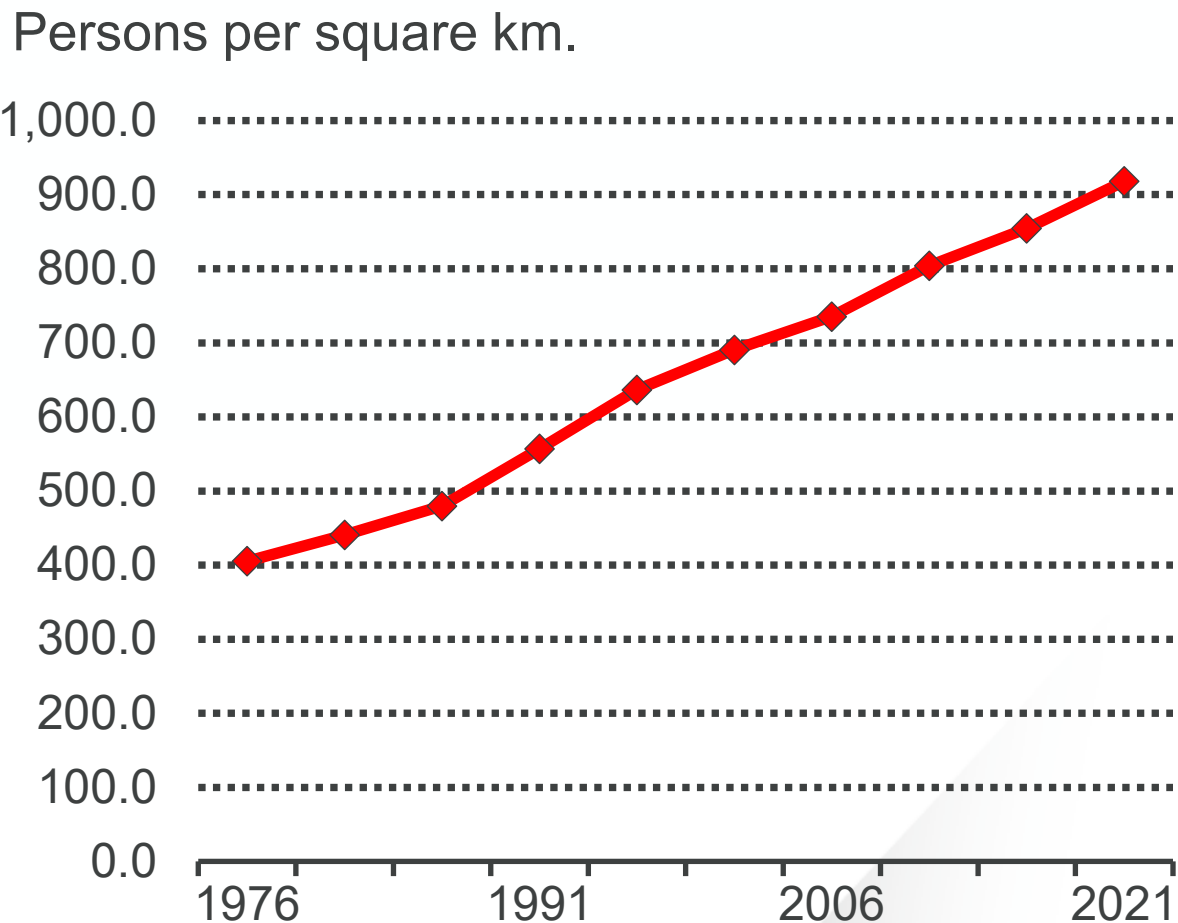
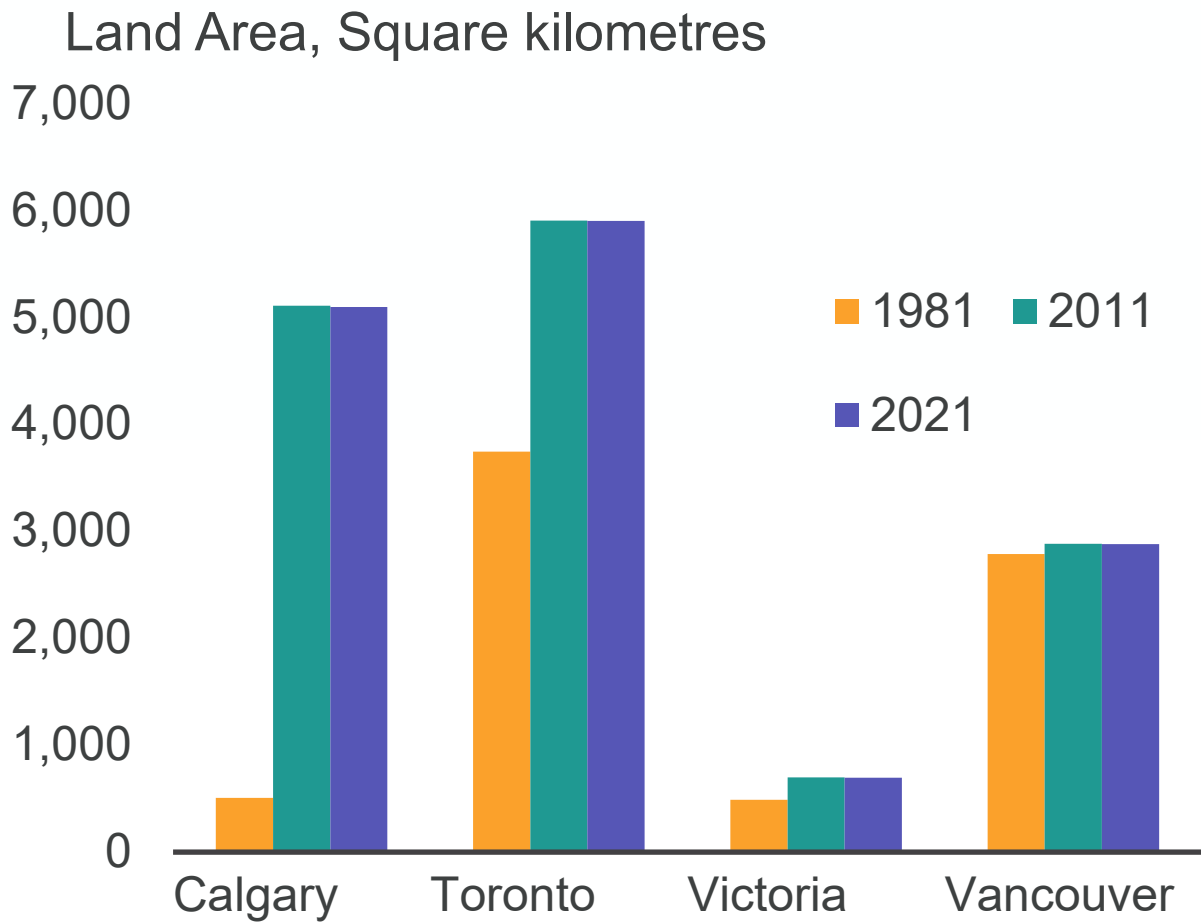


Affordability and housing

- Affordability constraints and higher interest rates to tame market, drive short- term price declines
- Demand for ownership remains elevated, shift to condos, others priced out
- Lower Mainland market to be supported by economic and population growth, wage gains and rotation from remote work back to in- office and urban areas



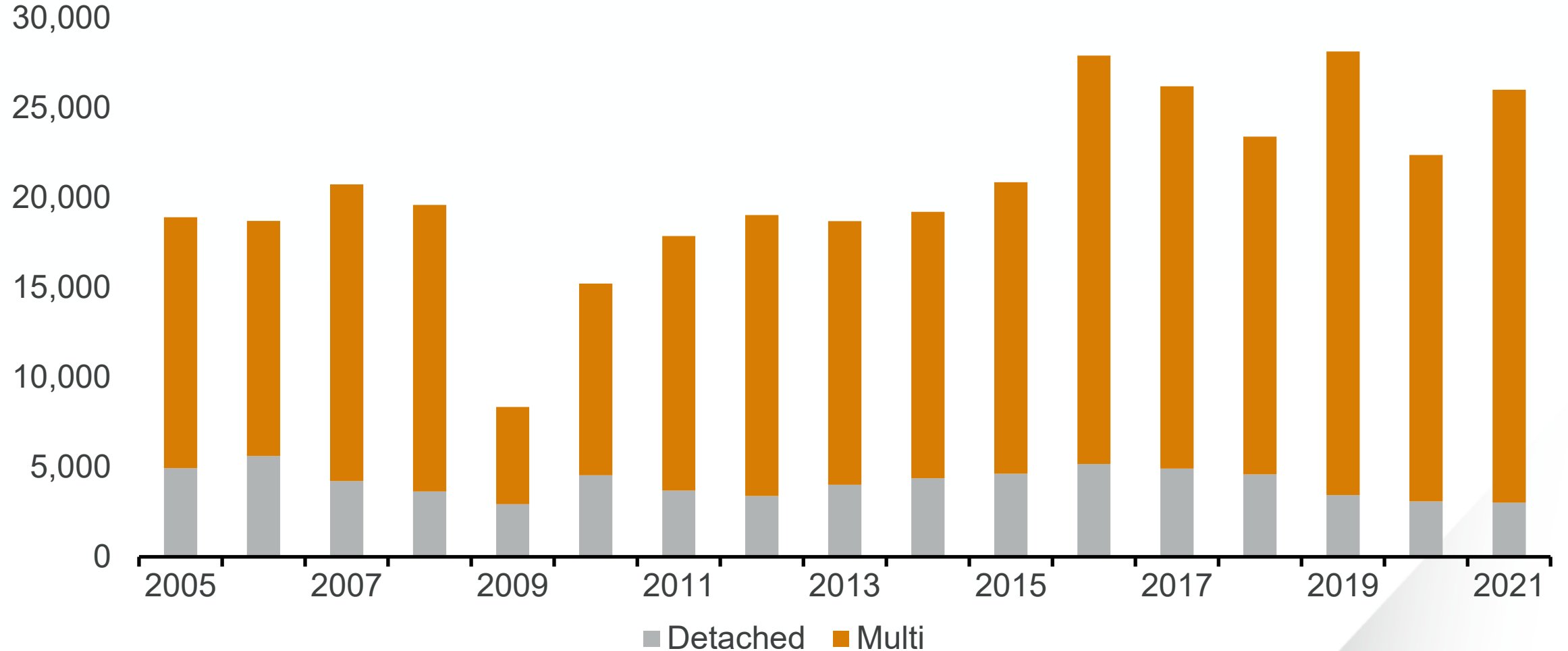
Long- term density will continue to lift land value



Source: Statistics Canada, Central 1 Credit Union.

New construction elevated, needs to be higher

Vancouver CMA Housing Starts, Units



Source: CMHC, Central 1

British Columbia Forecast Table					
	2020	2021	2022	2023	2024
GDP at market prices	-0.6	10.5	7.0	5.8	4.7
Real GDP, expenditure-based	-3.4	5.0	3.9	2.9	2.8
Household consumption	-3.5	5.2	4.0	3.0	2.7
Government expenditure	1.1	1.2	1.5	2.0	1.9
Government capital formation	9.9	-4.3	1.5	2.3	3.3
Business capital formation	1.3	4.3	3.2	3.0	-0.3
Residential structures	3.4	13.3	-1.6	0.6	0.6
Machinery and equipment	-21.3	7.0	5.4	8.9	10.1
Non-residential structures	10.5	-6.6	8.1	3.2	-7.7
Final domestic demand	-1.2	4.0	3.2	2.8	2
Exports	-9.7	5.7	5.3	3.9	3.6
Imports	-8.0	6.1	5.5	3.2	2.2
Employment	-6.5	6.7	3.9	2.1	1.7
Unemployment rate (%)	9.0	6.5	5.4	5.1	4.7
Personal income	0.6	3.6	5.9	4.6	4.9
Disposable income	11.0	1.8	5.7	4.6	5
Net operating surplus: Corporations	19.0	5.9	3.4	6.3	-1.4
CPI	0.8	2.8	2.5	2.4	2.4
Retail sales	1.3	10.0	6.5	4.9	4.2
Housing starts, 000s	37.7	47.6	43.5	46.1	44.1
Population Growth (%)	1.1	1.0	1.8	1.9	1.6

Thanks!

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