

Home building to slow: CMHC

Sales activity in both the existing and new home market is expected to slow down for the rest of this year and into 2017, but price increases will continue, according to Canada Mortgage and Housing Corp.



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The Crown corporation, which advises the government on housing, says new home construction will range from 181,300 to 192,300 this year after recording 195,535 starts in 2015. By 2017, the range of new-homes construction will drop even further to 172,600 to 183,000.

On the existing homes front, sales could drop as low as 501,700 this year after a record 505,673 sales through the Multiple Listing Service in 2015. CMHC does have 2016 sales at the higher end of its range, at 525,400. By 2017, the range of sales through the MLS is forecast to drop to 485,500 to 508,400.

“Our forecast shows that there are important provincial variations in the housing market forecast in Canada,” said Bob Dugan, chief economist with CMHC. “Increased housing starts in Ontario and B.C. will be more than offset by decreases in provinces that are affected by the drop in oil prices in 2016. MLS sales will increase due to stronger economic growth in 2016 before falling back slightly in 2017.”

With prices at record levels in Vancouver and Toronto stoking national numbers, CMHC doesn't forecast any sort of correction that would impact the national number.

The agency predicts the average MLS sale price across the country will be between \$474,200 and \$495,800 this year, climbing from \$442,999 in 2015.

By 2017, the average sale price will range from \$479,300 to \$501,100.

CMHC expects mortgage rates to continue to stay near current levels until the end of 2016 and gradually start rising in the first half of 2017.

The agency's forecast for the five year fixed rate mortgage in 2016 is a range of 4.4 to five per cent in 2016 and 4.7 to 5.3 per cent in 2017.