

## TIMES COLONIST

### **Housing starts expected to slow, says federal agency**

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National housing starts are expected to drop this year and next after rising in 2007, says the Canadian Mortgage and Housing Corporation.

In B.C., starts will remain above average but likely slide to 33,250 in 2008 and fall further to 31,700 next year, the federal housing agency said yesterday.

Last year saw 228,343 new units started across the country and in B.C., construction began on 39,195 units.

"Despite some global financial instability with regards to the U.S. housing market, Canada continues to experience robust employment levels, ongoing income gains and low mortgage rates," said agency chief economist Bob Dugan.

"However, housing starts are expected to decrease in 2008, mainly due to recent increases in house prices, which will push mortgage carrying costs higher for homebuyers."

Even so, Canada's housing market is strong and this year is anticipated to be the seventh year in a row that more than 200,000 units are started, the agency said.

Home price increases are also expected to slow this year, coming in at 5.2 per cent this year and 3.8 per cent in 2009, CMHC said. B.C. will see higher increases than the national picture, likely at six per cent this year and five per cent in 2009. Last year, B.C.'s house prices rose 12.1 per cent.

Casey Edge, spokesman for the Victoria office of the Canadian Homebuilders' Association, said it is difficult to say whether housing starts will decline this year. In any case ... "33,000 housing starts is still strong."

Vancouver Island is an anomaly relative to the rest of the country, Edge said. The wave of Canadians retiring in the next 15 years could well impact housing starts in this region, long attractive to retirees.

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