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Slower economy means fewer new housing starts

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Canada Mortgage and Housing Corp. on Monday put new numbers to its forecast for lower 2008 and 2009 housing starts due to slower economic growth and job creation.

Provincially, the national mortgage insurer expects to see 33,250 new housing starts in 2008 compared with 39,195 in 2007. In 2009, starts are expected to slow further to 31,700.

In Metro Vancouver, the forecast is for 18,500 compared with 20,736 last year. In 2009, CMHC estimates that starts will be 18,000

"We're not looking at a drastic slowdown in the economy," said Carol Frketich, Canada Mortgage and Housing's regional economist for B.C.

However, Frketich estimates that in 2008, the total output of B.C.'s economy will grow by about 2.9 per cent compared with about 3.1 per cent last year.

She added the higher Canadian dollar, which hurts B.C. exports and tourism, combined with waning demand for lumber in the struggling American housing market, drag on B.C.'s overall growth.

Frketich said B.C.'s employment growth has been concentrated across a fairly diverse base in Metro Vancouver, which is one reason she doesn't expect drastic changes in the overall housing market.

In its forecast, Canada Mortgage and Housing said the average Multiple-Listing-Service resale price for a home will reach \$464,500, the 10th straight year of price escalation.

Frketich said B.C. won't see a direct impact from the squeeze on credit that has followed the American U.S. sub-prime mortgage meltdown. Nationally, Canada Mortgage and Housing is forecasting 211,700 housing starts, below 2007's 228,343 starts.

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