



May 28, 2020

UDI-ER Brief - CMHC – Housing Market Outlook (Special Edition – Spring 2020)

• Summary

- This research brief provides salient highlights from CMHC's *Housing Market Outlook (Special Edition – Spring 2020)*.
- The full CMHC report can be [found here](#).
- The report presents forecasts of the potential ranges for housing starts, sales, and prices for Canada and the provinces until the end of the forecast horizon in 2022.¹

• Overview

- Due to the economic fallout from COVID-19, Canada will see a recession in 2020 – with the oil producing provinces being significantly impacted.
- However, following declines in 2020, housing starts, sales, and prices should begin to recover by mid-2021 (with an assumption that the pandemic will recede).
- *Due to the current uncertainty regarding COVID-19, the outlooks presented within this report incorporate a wider range than normal.*

• Housing Starts

- Housing starts will be at historic lows in the 2nd and 3rd quarters of 2020.
- This is largely driven by a slowdown of residential construction activity in Ontario and Quebec.
- Housing starts in 2020 will likely see a decrease of 51% - 75% from pre-COVID-19 levels.
- However, they should begin to recover by mid-2021.

• Existing Home Sales

- Reduction in employment and disposable income is likely to reduce demand for existing homes this year.
- Sales in 2020 are expected to reduce by 19% - 29% from their pre-COVID-19 levels.
- Sales should begin to recover by late-2020; however, they are not expected to reach pre-COVID-19 levels until after 2022.

¹ CMHC. Housing Market Outlook (Special Edition – Spring 2020), p. 3.

- **Existing Home Prices**
 - The average MLS price will decline by 9% - 18% from pre-COVID-19 levels.
 - Prices should begin to recover in the first half of 2021.
 - The forecast range for average prices returning to pre-COVID-19 levels is vast.

- **Provincial Summary - Alberta**
 - The potential decline from pre-COVID-19 levels is greatest in Alberta (starts, sales and price) largely due to the additional economic impact of lower oil prices.
 - The following data presents the lowest and the highest quarterly *forecasted* figures within the report (i.e. until the end of 2022).²
 - Forecasted Alberta Starts:
 - Low: 2,193 in 2020 Q3
 - High: 29,393 in 2022 Q1
 - Forecasted Alberta MLS Sales:
 - Low: 32,723 in 2022 Q1
 - High: 47,423 2022 Q4
 - Forecasted Alberta MLS Average Price:
 - Low: 288,522 in 2022 Q2
 - High: 368,144 in 2020 Q2

² For full provincial charts, see pages 5 – 10. For full provincial data, see pages A1 – A6.