The past 18 months has been like no other for Metro Vancouver's housing market. A steady recovery was well underway when the pandemic put the housing market and the rest of the economy into a lockdown in March of 2020. This lockdown, however, was short lived. To the surprise of many, home sales and, shortly after, prices built rapid momentum in the fall of 2020.

The market continued to buck seasonal trends in the winter of 2020/21 and hit an all-time high for sales in March of this year. Detached and townhouse homes went on to set new price records in many Metro Vancouver neighbourhoods. The late spring and summer of 2021 have seen market conditions that anyone would describe as strong if they weren’t compared to spring’s record pace.

This report takes stock of what has happened in Metro Vancouver’s housing market within the pandemic and uses a variety of fundamental economic measures to lay the foundation for what we can expect in the months ahead.

Report Highlights

- Metro Vancouver’s job market continues to recover, but the recovery will be slower going forward.
- Job vacancies remain elevated in the Lower Mainland compared to the country’s other major centres and a large increase in housing supply will be needed to close the gap.
- Home sales and new listings have plateaued after reaching record peaks in March 2021.
- Home sale inventory (active listings) is back to lows not seen since 2016.
- New home construction has held up through the pandemic, with notable gains being made in purpose-built rental units.
- Heading into the fourth quarter of 2021, expect new listings and sales in Metro Vancouver to remain near long-term averages and watch for the total supply of homes for sale (active listings) to increase at a rate well below historical norms.
Employment in Metro Vancouver has returned to pre-pandemic levels

Metro Vancouver’s economy continues to recover from the short-lived, COVID-19-induced recession of 2020. A rapid recovery began in June 2020 with the economy regaining approximately 250,000 jobs. Employment has now settled at around 1.5 million jobs in the region. Further job growth in Metro Vancouver will depend on the degree to which we can contain COVID-19’s fourth wave.
Loosened COVID-19 restrictions and the strengthening job market has brought the Lower Mainland's job vacancy rate back to near pre-pandemic levels. This rate, however, remains higher than the other major economic regions in Canada, which underscores employee recruitment challenges caused, in part, by the region’s high housing costs.

Persistent job vacancies highlight unmet housing demand

REBGV Economics / Statistics Canada: 14-10-0325-01 (Q1 2021)
*Data was not released for Q2 and Q3 of 2020
Don’t expect mortgage rates to go anywhere soon

Mortgage lending rates have remained locked at just over 2% for a five-year fixed term since coming off record-lows in early 2021. Plunging rates were the primary cause of record home sales nationally and locally this spring as well as the resultant upward surge in prices.

Mortgage rates should increase gradually from recent lows in the spring as major central banks wind down their asset purchasing programs and slowly tighten monetary policy. However, despite rising rates, 3% + five-year fixed lending rates like those last seen in 2019 are still likely many years away.

Average lending rate for 5-year fixed term mortgages

Historical (solid) & forecasted (dotted)
After setting new sales and listings records in the first half of 2021, the market is settling down

Since the last half of 2019, the total inventory of homes for sale in the market has been operating at near historic lows despite higher than typical sales and new listing activity. In March 2021, residential home sales and new listings set all-time records in the Real Estate Board of Greater Vancouver’s (REBGV) area. The increasing correlation between sales and new listings over the pandemic is consistent with more buyers selling their current homes and purchasing other, typically larger, homes. REBGV’s monthly home buyer demographic survey of its members, who recently sold a property, also points to first-time home buyers and move-up buyers becoming a larger proportion of total home sales in today’s market.

1 Areas covered by the Real Estate Board of Greater Vancouver include: Burnaby, Coquitlam, Maple Ridge, New Westminster, North Vancouver, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, South Delta, Squamish, Sunshine Coast, Vancouver, West Vancouver, and Whistler.
Monthly new listings
Seasonally adjusted (line) & actual (point)

Monthly active listings
Seasonally adjusted (line) & actual (point)
Spring’s big price moves are behind us, still waiting on the fall

The MLS HPI® benchmark price for all home types set a record of $1,176,600 in August 2021, with detached, attached, and apartment benchmark homes coming in at $1,807,00, $952,600, and $735,100 respectively. With the market moving so rapidly, year-over-year price changes can be misleading when gauging current conditions. The three-month percentage change (shown below) gives a clearer picture of how prices are trending in today’s market.

With fewer sales since the highs seen in March, home price growth essentially flattened across Metro Vancouver in the summer. Expect, however, to see upward pressure on prices in the fall as above-average sales volumes meet low inventory levels.

MLS HPI® Benchmark Price ($) - All Property Types
MLS HPI® Benchmark Price ($) – Detached

REBGV (August 2021)

MLS HPI® Benchmark Price ($) – Attached

REBGV (August 2021)
MLS HPI® Benchmark Price ($) - Apartment

REBGV (August 2021)
Total housing construction held through the pandemic, but ownership housing construction lags where it should be

New housing supply (completions) has held steady in Metro Vancouver through the pandemic with builders completing projects that began during the region’s pre-pandemic building boom.

Purpose-built rental apartments continue to see higher completions levels thanks to rental incentives from all levels of government. While these incentives are shifting the composition in the type of new units being constructed, ownership housing remains the largest proportion of homes being built today. However, new ownership apartment starts, and consequent completions, have not increased in line with the strong price growth seen in 2016 and 2017 (see MLS HPI® benchmark price trends for apartments above). In less supply-constrained markets, the price growth like we’ve experienced in Metro Vancouver over the last five years would lead to a matching surge in completions. This supply response is sorely lacking in our housing market today.

Metro Vancouver monthly home completions
Trend (line) & actual (point)
A look ahead

The past year-and-a-half has been anything but typical for the Metro Vancouver housing market. A pandemic-induced slowdown was short-lived and followed by a robust recovery. Sales and new listings have moved back from the record peaks hit in the spring and the inventory of active listings has declined to levels last seen in the frenzied market of 2016. Predictions are always difficult, but new listings and sales are expected to remain closer to long-term averages while active listings will slowly build through the fall of 2021 and into next spring. Expect these gains to remain on the lower side of typical as Metro Vancouver’s housing market continues to face an under supply of homes and persistent demand pressures.

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