



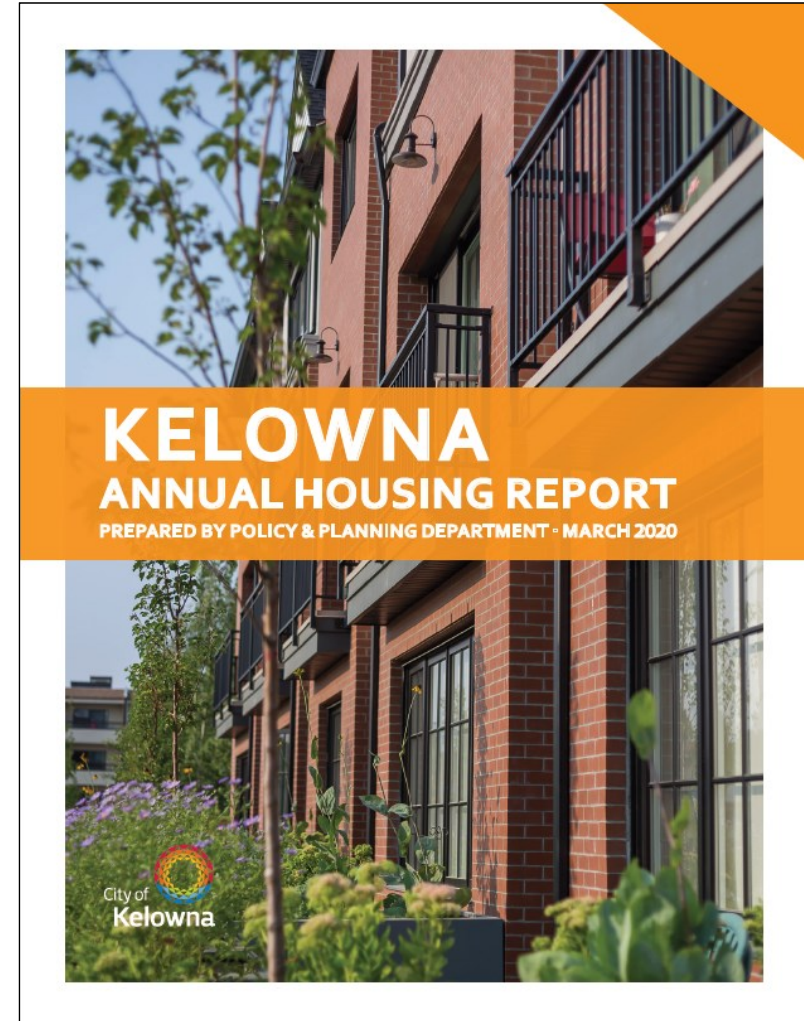
Annual Housing Report

Prepared by Policy & Planning – March 9, 2020



Focus of the Report

- ▶ Research-oriented
- ▶ Blends quantitative & qualitative analysis
- ▶ Trends & impacts for community



Who Can Use the Report?

- ▶ Inform community of trends
- ▶ Guide staff in policy development
- ▶ Assess performance on City targets
- ▶ Insight into housing gaps



What influenced the Kelowna housing market in 2019?



Strong Economy:

The unemployment rate hovered around 4 per cent in 2019 with major employment growth in 2016-17.



Demographic Shifts:

Kelowna has seen steady population growth over last 5 years, with high levels of regional in-migration.



Mortgage Stress Test:

The implementation of the stress test in January 2018 has reduced purchasing power of first-time home buyers and retirees.



Housing Preferences:

Growing interest in walkable urban places and smaller household sizes are resulting in greater demand for multi-family options.

Kelowna market at a glance



Rental housing boom



Rental housing goes corporate



Multi-family moves the market

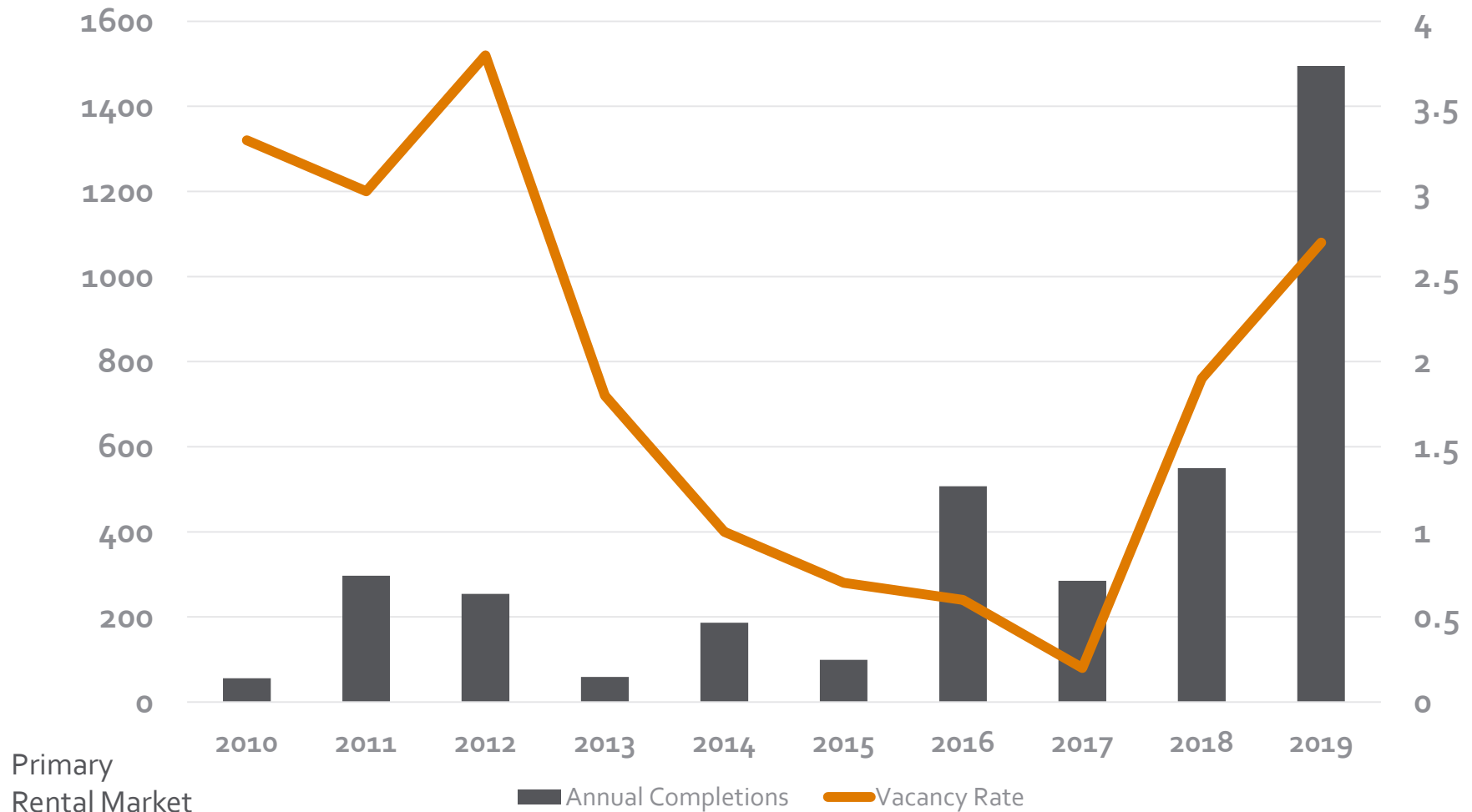


Demand for family-friendly options

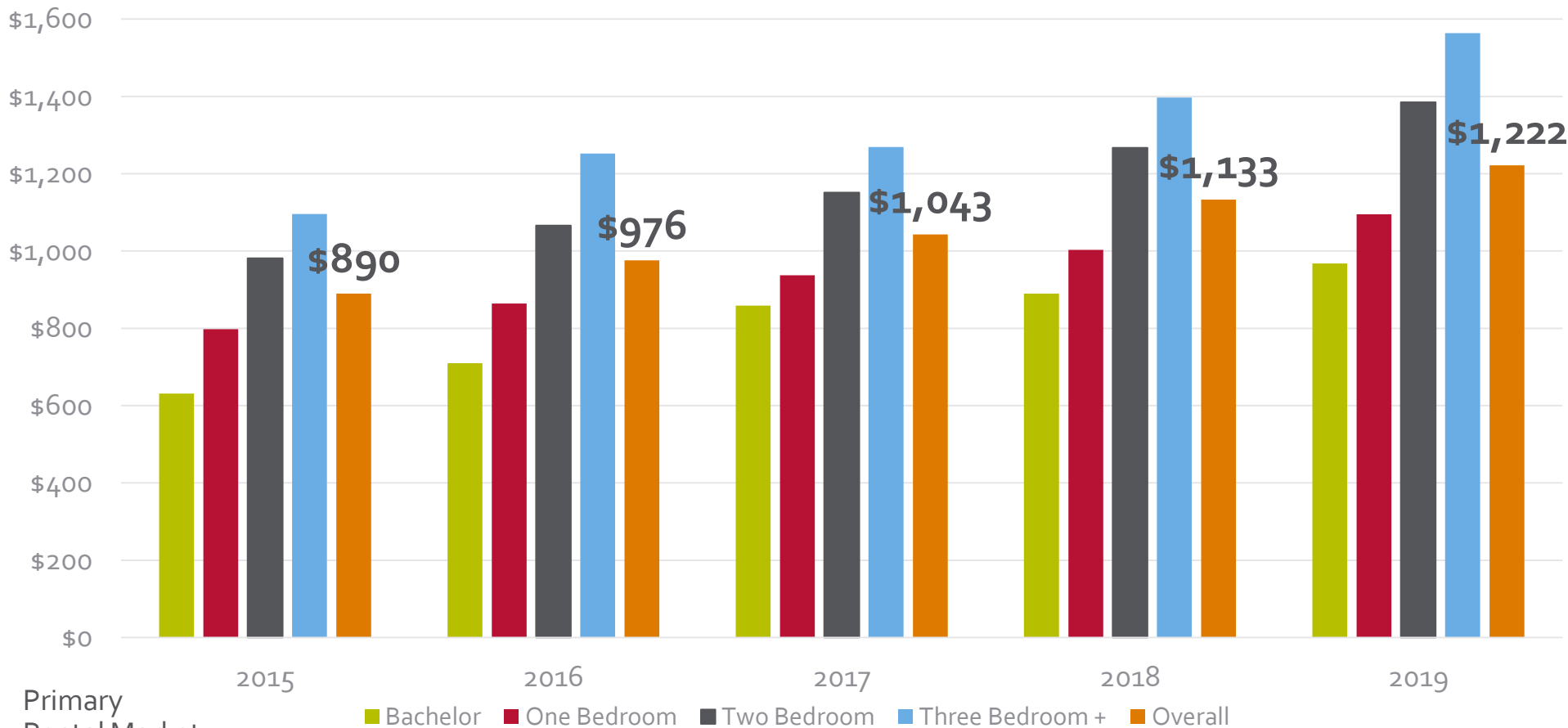


Affordability challenges remain

Rental housing boom: Annual completions with vacancy rate



Rental housing boom: Average rental rates 2015-19 by bedroom type



Rental boom: Tale of two rental markets

▶ *Aging Rental Housing*

- ▶ Older, smaller buildings
- ▶ Fewer, more spacious units
- ▶ Will require investment



**AGING RENTAL UNITS
HAVE MONTHLY RENTS OF
\$1.50-\$1.75 PER SQ. FT.**

▶ *New Purpose-built Rentals*

- ▶ Larger buildings
- ▶ More efficient floorplans
- ▶ Higher end finishes



**NEWER RENTAL UNITS
HAVE MONTHLY RENTS OF
\$2.25-\$2.50 PER SQ. FT.**

Rental housing goes corporate

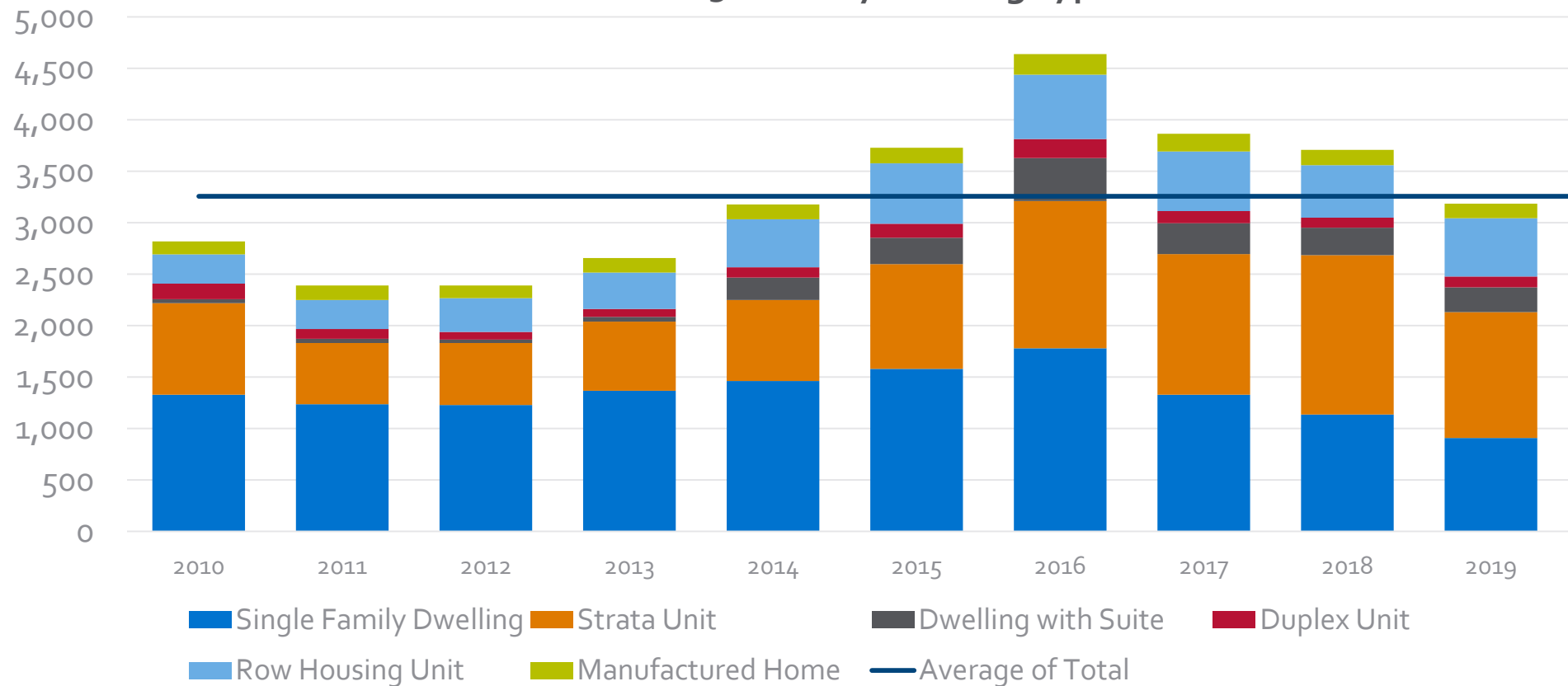
- ▶ Growth of region driving demand
- ▶ Low interest rates
- ▶ Attractive conditions for REITs

"There exists a heavy representation of the major national players in the REIT landscape and the majority are hungry for more."

Chad Davidson, Train Construction

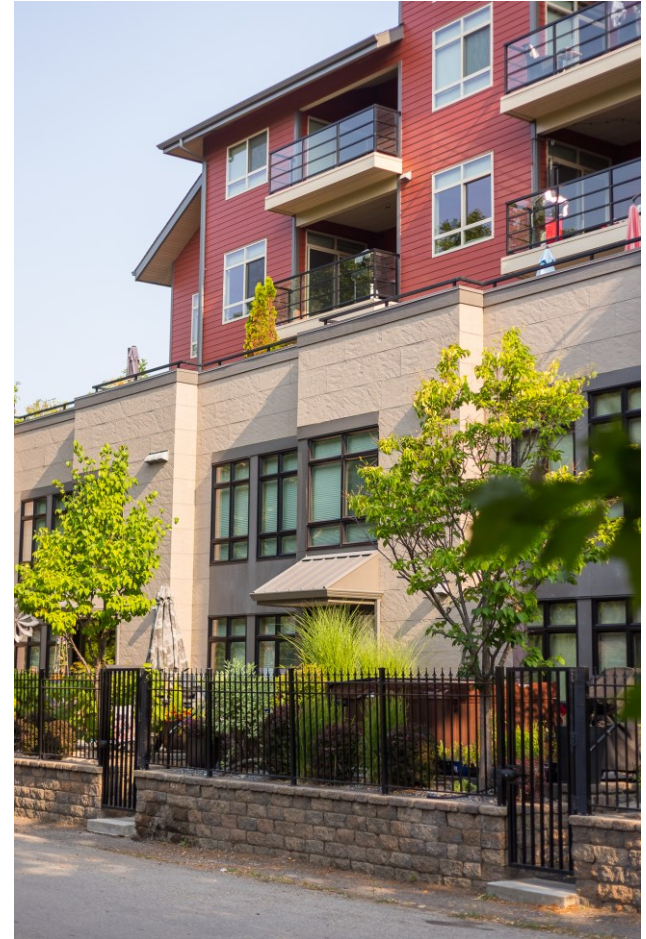
Ownership market: Balanced market for 2019

2010-2019 Sales by Housing Type



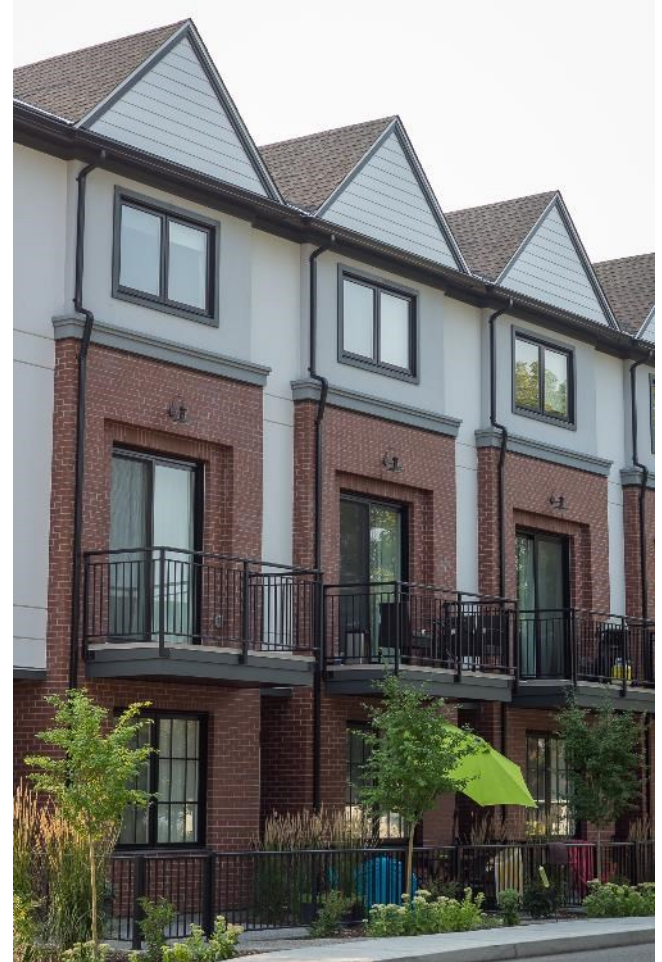
Ownership market: Multi-family moves the market

- ▶ Majority of sales for strata & rowhousing
- ▶ Median prices for Strata units in 2019, (\$355,700)
- ▶ Concentrated in urban centres



Ownership market: Demand for family-friendly options

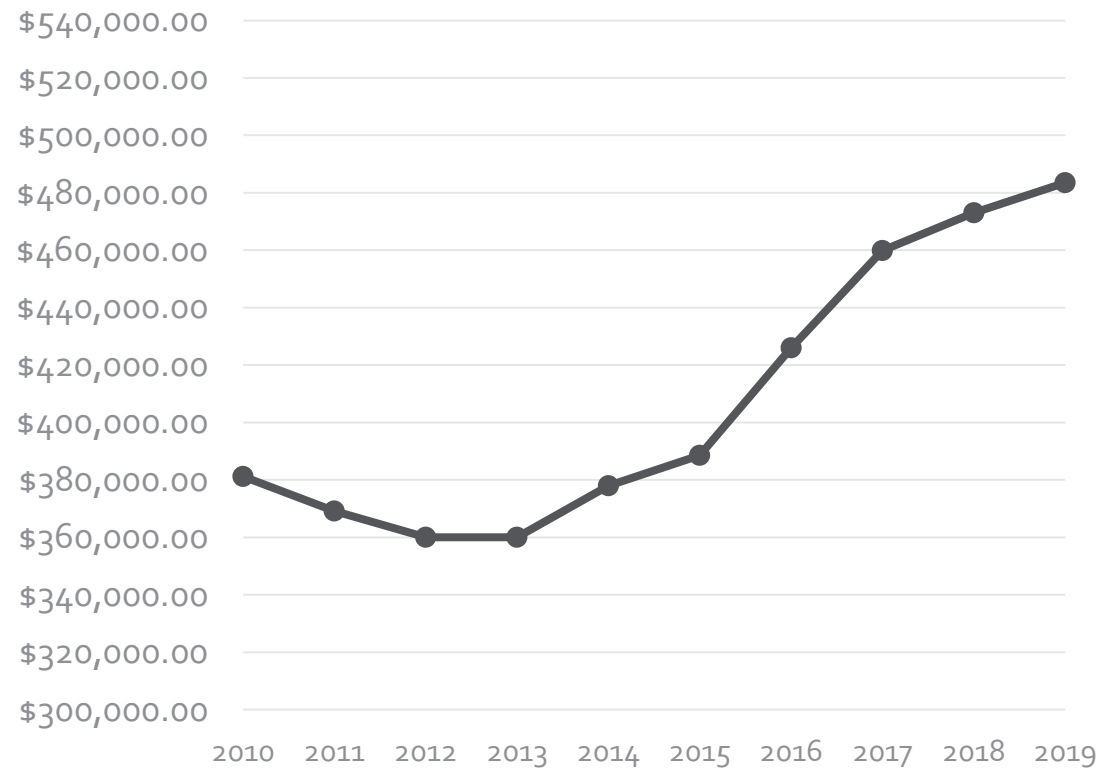
- ▶ Median price for row housing in 2019 was \$466,110
- ▶ Mortgage costs for housing in mid-market attainable for middle incomes



Ownership market: Affordability challenges remain

- ▶ Stress test impacting buyers
- ▶ Many single-detached units out of reach for local incomes

Median Home Price (2010-2019)



Housing Market Considerations



- ▶ Shifting housing preferences
- ▶ Rental market improving, supply needed
- ▶ Affordability challenges remain

Housing Market: Alignment with City Plans & Strategies

- ▶ OCP Growth Management Strategy
- ▶ Community Climate Action Plan
- ▶ Healthy Housing Strategy

