

# PRE-SALE PULSE MARKET INSIGHTS

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MLA ADVISORY | MAY 2022

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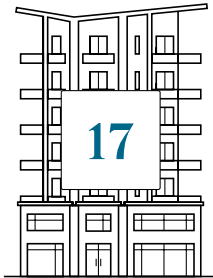
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# APRIL 2022 PRE-SALE REAL ESTATE INSIGHTS

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## GREATER VANCOUVER & FRASER VALLEY PRE-SALE HOME SUMMARY | MAR-MAY 2022

MARCH 2022  
RELEASED \*

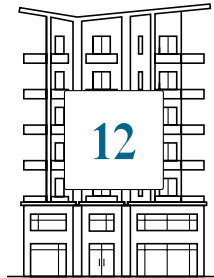


PROJECT LAUNCHES

**2,350**

APPROX. NO. PRE-SALE UNITS

APRIL 2022  
RELEASED \*

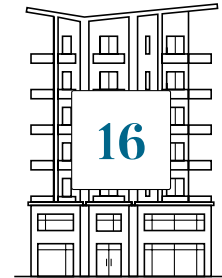


PROJECT LAUNCHES

**1,543**

APPROX. NO. PRE-SALE UNITS

MAY 2022  
FORECAST \*



PROJECT LAUNCHES

**2,071**

APPROX. NO. PRE-SALE UNITS

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“As our market responds to rising interest rates and shifts in financial markets, same-month absorptions moderated to historical averages in April – achieving 30% at the end of the month. While market activity has shifted away from the all-time highs we saw last year, for those offering good product value, attractive incentives and flexible deposit structures, we continue to see strong market demand across Metro Vancouver.”

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**Suzana Goncalves**

EVP, SALES AND MARKETING; PARTNER, MLA CANADA

\*All projects and total units noted include all developments launched within the Greater Vancouver & Fraser Valley area region from Squamish to Abbotsford. The new multi-family property data are approximate numbers, the research captures most pre-sale projects coming to market and its estimated number of units thought to be released for sale. Some developments may have multiple buildings released in the same month and is considered one project.

Source: Real Estate Board of Greater Vancouver

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## PRESALE MARKET SEES MODERATING ACTIVITY IN APRIL

The presale market moderated across Metro Vancouver in April. While several programs received strong market interest and achieved strong same-month absorptions, overall foot traffic has fallen, and buyers' urgency to secure a home has decreased. As a result, same-month absorptions across Metro Vancouver fell to historically average levels. While rising interest rates have been a key driver of rebalancing market conditions in Metro Vancouver, government policy, rising inflation, and shifts in financial markets have also changed sentiment amongst buyers. Specifically, there was an immediate impact on presales regarding the new government policy at the beginning of April. As a result, investors looked to understand how the new policies would impact their investment criteria. Overall, the coming months will serve as a critical transition period from the red-hot activity that has characterized the last two years.

Overall, 1,543 presales were launched in Metro Vancouver in April, achieving same-month absorption of 30% (467). Presale absorptions were strong among wood frame products, with same-month absorption of 40% (175).

### AFFORDABILITY VS ACCESSIBILITY: THE FEDERAL GOVERNMENT INTRODUCES POLICIES TO CURB REAL ESTATE DEMAND

After years of scrutiny and continuous adversity from local populations, the Federal Government inescapably acted toward housing affordability on a national level. However, although the intentions and overall objectives presented by the federal government are to de-escalate housing prices and shorten the gap between individuals who can rent versus own, many are skeptical that these new policies will make a marginal difference.

Banning foreign buyers, curbing speculation, introducing tax-free savings accounts for purchasing a home and new assignment policies are all part of a larger "cooling off" umbrella. The strategy aims to scale down increasing costs through factors often blamed for the year-to-year increases, especially in hot markets including Vancouver and Toronto.

Foreign buyers and overseas investments have been a topic of contention during the skyrocketing real estate market where the Federal Government has implemented a national 2-year ban. These idealistic implementations look to curve foreigners. The foreign buyer ban will not apply to everyone, however. Students, foreign workers or foreign citizens who are permanent residents of Canada will still have the freedom to purchase homes.

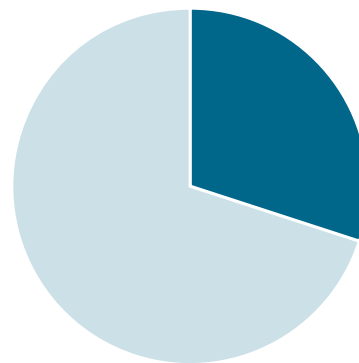
Homes purchased and held for less than 12 months – also known as "flipping" for a profit – will now be taxed as business income to curb speculation. In addition, profits will not be eligible for either capital gains inclusion rates or the principal residence exemptions previously in place. Certain life circumstances, such as death, disability, new employment, births or divorce, would warrant exemptions to selling a home with less than 12 months of ownership.

Residential assignment sales will now also be subject to GST provisions. The result is that the Assignor (Vendor) will net less than the profit of the assignment itself. In addition, GST will not only be applicable on all assignment sales but also include sales on substantially renovated housing. The Assignor previously did not have to pay GST with the intention that they would ultimately reside in the property as their principal residence; however, this enforcement does not prevent this proposition and enforces payable GST by the Assignor on any assignment amount.

Canadians will also be entitled to contribute up to \$8,000 per year in an account that allows them to save and invest funds to purchase a home. Unlike typical RRSPs or TFSA's, which come with some tax restrictions, this new direction will foster a "tax-free in" and "tax-free out" program providing further tax-sheltering options for individuals to grow and save funds to purchase a home. The program has a lifetime contribution limit of \$40,000.

Overall, this will likely add a new layer of complexity to the near- and medium-term real estate market. As Metro Vancouver's market moderates, it's essential that Canadians recognize how these policies will affect their real estate purchases.

## Pre-Sale Sold Rate In April 2022



**30%**  
**SOLD**

**1,543 UNITS  
RELEASED**

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## STRONG LAUNCH ACTIVITY ANTICIPATED FOR MAY

Developers are pushing forward with presale programs across Metro Vancouver to capitalize on current market conditions and potentially get ahead of further rate hikes later in the year. As a result, MLA Advisory anticipates 16 project launches in May to release approximately 2,071 new condominium and townhome units to market. In addition, projects launching in May are offering enticing incentive programs to garner interest in their programs; it's especially true for products priced at the top-of-market across Greater Vancouver, such as Executive on the Park, which is offering to cover the first 5-years of early-purchasers strata fees. Other interesting projects to watch include Band by Townline, who's been selling to friends and family and actively preparing to launch. 1515 Rupert, the first townhome program to launch in North Vancouver in 2022, and Bastille by Porte Homes, which is beginning previews in May and is likely to launch in early June.

## Pre-Sale Units Forecasted for May 2022



**CONCRETE**

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**1,047**



**WOODFRAME**

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**879**



**TOWNHOME**

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**145**



MLA Canada's dedicated Advisory team maintains an exhaustive understanding of market intelligence. We offer the development industry market intelligence, product design and price analysis services leveraging our in-depth investigation to assist in strategy, acquisition and feasibility.

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