

# PRE-SALE PULSE MARKET INSIGHTS

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MLA ADVISORY | JULY 2022

MLA



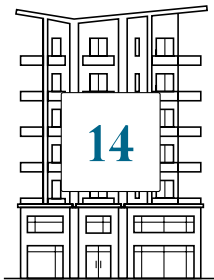
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# JUNE 2022 PRE-SALE REAL ESTATE INSIGHTS

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

MAY 2022  
RELEASED \*

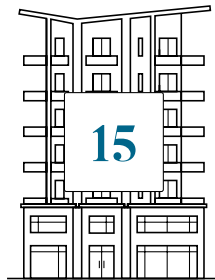


PROJECT LAUNCHES

**2,360**

APPROX. NO. PRE-SALE UNITS

JUNE 2022  
RELEASED \*

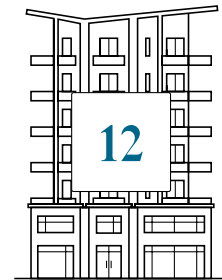


PROJECT LAUNCHES

**2,004**

APPROX. NO. PRE-SALE UNITS

JULY 2022  
FORECAST \*



PROJECT LAUNCHES

**1,975**

APPROX. NO. PRE-SALE UNITS

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We have seen another significant release of inventory in presale last month and very stable absorption at 32%. Presale becomes one of the best asset classes to purchase in to lock in today's price with rising construction costs, long-term price escalation and beliefs around declining interest rates when completion occurs in 2-4 years depending on the project. Having said that, travel and summer will likely see a decline given other distractions before the market picks up in the Fall.

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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: MLA Advisory, Zonda Urban and RealNet

PAGE 2 | PRE-SALE REAL ESTATE INSIGHTS | JULY 2022

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## CONSISTENCY REIGNS SUPREME WITHIN THE METRO VANCOUVER MARKET

While rising interest rates and broader economic uncertainty have led many potential buyers to wait and see what direction the resale market takes, recently launched presale programs continue to see steady demand. Same-month absorptions were 32% (642) in June, achieving the same level of absorptions observed in May. For the third month in a row, presale absorptions were within 1-2% of each other. Investors remain optimistic about the overall health of Metro Vancouver's market and continue to capitalize on the unique opportunities available by purchasing presale products. Given the nature of buying a presale home, purchasers tend to have more time to accrue/obtain financing, uniquely benefiting presale buyers when the debt cost is rising. There is also a recognition that submarkets with strong fundamentals that include such value-adds as access to a nearby Skytrain station are better positioned to retain their value in a slowing market. A testament to this includes recently launched programs such as Alina by Strand in West Coquitlam, which sold 132 (54%) of its inventory within its first two weeks of starting sales in July.

## BANK OF CANADA RAISES INTEREST RATES 100 BASIS POINTS

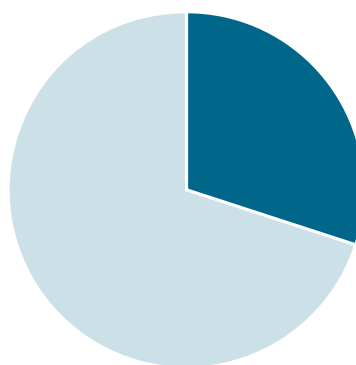
During the most recent rate announcement on July 13th, the Bank of Canada announced that it would raise its key interest rate to 2.5%, a 100 basis points increase from the previous rate announcement in June. While a rate increase was anticipated, the amount came as a surprise to many. A 100 basis points increase is the largest single rate increase since 1998 and outpaces the 75 basis point increase most recently triggered by the US Federal Reserve. The Bank of Canada cites excess demand and persistent inflation as the leading reason for wanting to front-load further rate increases. Looking ahead, the Bank of Canada has adjusted its outlook on inflation from previous rate announcements to take a longer-term view. They expect inflation to ease to around 3% at the end of 2023 before returning to the 2% target in 2024.

## PRE-SALE ACTIVITY TO REMAIN HIGH THROUGH SUMMER

The late-Summer market is generally characterized by decreased presale activity as potential purchasers move their attention away from real estate and towards recreation and warmer weather. However, launching a project in the fall could provide a unique opportunity to capitalize on an existing pool of potential buyers. MLA

Advisory forecasts twelve project launches in August, releasing 1,975 units to market across Metro Vancouver. Several significant concrete launches are expected to make up 58% (1,156) of the product. Significant launches thus far include Hue by Marcon in Port Moody. The project is targeting \$930 PPSF and has sold approximately 50% of its inventory since launching.

## Pre-Sale Sold Rate In June 2022



**32%**  
**SOLD**

**2,004 UNITS  
RELEASED**

## Pre-Sale Units Forecasted for July 2022



**CONCRETE**

**1,156**



**WOODFRAME**

**539**



**TOWNHOME**

**280**



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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