

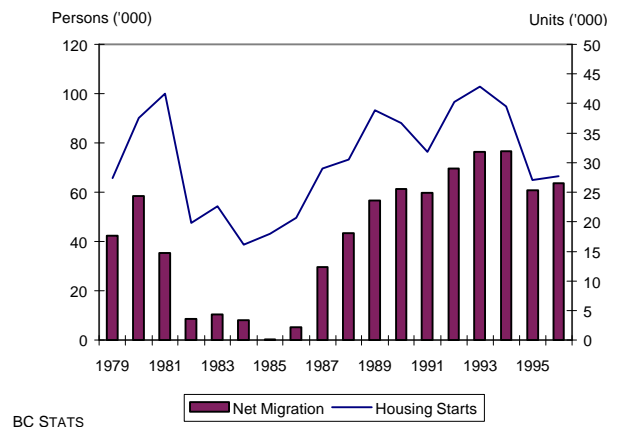
Feature Article: Migration and Housing Demand

Summary

The demand for housing is influenced by a number of factors that are both demographic and economic in nature. On the demographic side, population migration, the changing age structure of the population and the composition of households will influence the demand for housing. Economic factors such as housing prices, interest rates and wage rates will also influence housing demand. The type of housing demanded and the household size will also be influenced by these factors and consequently will vary considerably across different regions of the province.

Migration to British Columbia from other parts of Canada and from other countries plays an important role in the demand for housing. There is a fairly strong relationship between net migration and changes in housing, which represents the formation of new households in the province. As net migration weakened during the first half of the eighties, housing starts dropped sharply. The subsequent strong growth in net migration up to 1994 has been accompanied by increases in housing starts in most years. As migration slowed in 1995 and 1996, housing starts dropped to an annual level of 27,000 - 28,000 units from the peak of 42,800 in 1993.

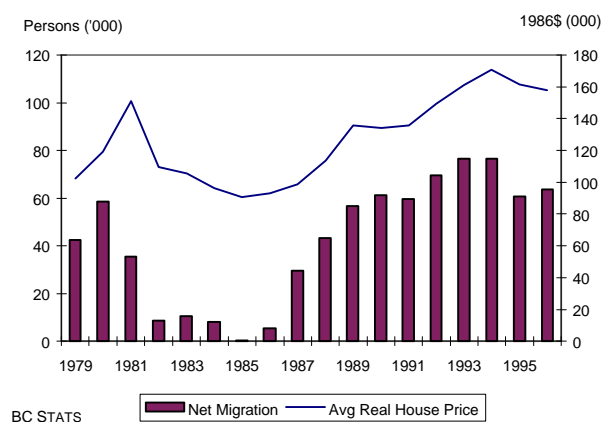
Household formation reflects changes in net migration



Other demographic factors which influence housing demand include the age structure of the population and the makeup of households and families. For example, increases in the number of separations and divorces could result in an increase in the formation of new households.

There are a variety of economic factors, which affect housing demand. When housing supply cannot keep pace with the demand for housing, the market compensates with price increases. From 1985 to 1994, the average real selling price of housing in B.C. rose steadily, apart from a levelling off in 1990 and 1991. However, in 1995 there was a drop of 5.5% in housing prices, as the demand for housing eased, and the vacant housing stock grew by 11%.

Housing prices are influenced by migration



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The preceding chart illustrates the strong relationship between net migration and real housing prices. Since 1979 movements in housing prices have followed very closely the movements in net migration to the province. The 21% decline in net interprovincial and international migration in 1995 had a major impact on the demand for housing and housing prices fell back to their 1993 level. Although net migration increased by 5.3% in 1996 as a result of strong immigration to the province, real housing prices continued to decline. The large supply of vacant units in the previous year helped restrain housing prices and in 1996 the number of vacant units fell by 7.3%. With slower migration in 1997 as a result of lower net migration from other provinces, real housing prices have continued to decrease.

The size of households and the type of housing demanded varies considerably across different parts of the province. At the provincial level, the average of 2.6 people per household has not changed between the 1991 and 1996 Censuses. However, at the regional level there have been movements in both directions. The average size of households has increased over the five year period in both the Mainland/Southwest and Northeast development regions, while in other parts of the province it has decreased or remained stable. The increase from 2.6 to 2.7 persons per household in the Mainland/

Southwest is likely related to the strong growth in immigration experienced during the last few years.

Average Number of Persons per Household

Development Region	1991	1996
Vancouver Island/Coast	2.5	2.4
Mainland/Southwest	2.6	2.7
Thompson-Okanagan	2.5	2.5
Kootenay	2.5	2.5
Cariboo	2.9	2.8
North Coast	3.0	2.9
Nechako	3.0	2.9
Northeast	2.8	2.9
British Columbia	2.6	2.6

Source: Statistics Canada, 1991 and 1996 Census of Canada.

There have also been shifts in the distribution of the type of housing between the 1991 and 1996 Censuses, as shown in the table below. At the provincial level, the share of single-detached housing fell from 58.6% in 1991 to 56.2% in 1996, while the share of all forms of multiple dwellings increased, with the relative increase being strongest for detached duplexes and row houses. Some of the shift from single houses to duplexes may reflect the addition of a secondary suite within a former single-detached house (or possibly an improvement in the identification of these types of dwellings in the 1996 Census).

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Distribution of Housing by Structural Type

Structural Type	1991			1996		
	British Columbia	Mainland/Southwest	Vancouver Island/Coast	British Columbia	Mainland/Southwest	Vancouver Island/Coast
Single-detached house	58.6	51.7	64.3	56.2	47.8	63.5
Semi-detached house	2.6	2.3	2.8	2.8	2.3	3.5
Row house	5.2	6.0	4.3	6.0	7.1	4.9
Apartment, detached duplex	4.7	6.4	3.1	6.0	7.9	4.4
Apartment building, < 5 storeys	19.2	23.3	17.9	19.8	24.2	17.6
Apartment building, 5+ storeys	5.6	8.7	2.7	6.1	9.6	2.8
Other single attached house	0.3	0.2	0.3	0.2	0.2	0.2
Movable dwelling	3.8	1.5	4.5	2.9	0.9	3.1

Source: Statistics Canada, 1991 and 1996 Census of Canada.

The distribution of types of housing is dramatically different between the two most populated regions of the province - Mainland/Southwest and Vancouver Island/Coast. In the former, in 1996 less than half of the households lived in single-detached houses and almost one quarter lived in apartments with less than 5 storeys. Between 1991 and 1996 the shifts from single to multiple dwellings were also quite

pronounced. In the case of Vancouver Island/Coast, in 1996 almost two thirds of households lived in single houses and there was only a slight decrease from the 1991 share. There was little change in the proportion of households living in apartment buildings, but other types of multiple dwellings - duplexes, semi-detached and row houses - became more common.