

WEBINAR – May 14, 2019, 1:00PM EST

RPS-Moody's Analytics Housing Outlook

Listen to the authors of the RPS-Moody's Analytics Housing Quarterly Forecast Report provide their findings, share their insights on the current market and the outlook.



MOODY'S
ANALYTICS

Hosting Today's Webinar



Brendan LaCerde

Associate Director and Senior Economist
Moody's Analytics



Andres Carbacho-Burgos

Director, Housing Economics
Moody's Analytics



Philip Bermingham

Director, Data & Analytics
RPS Real Property Solutions

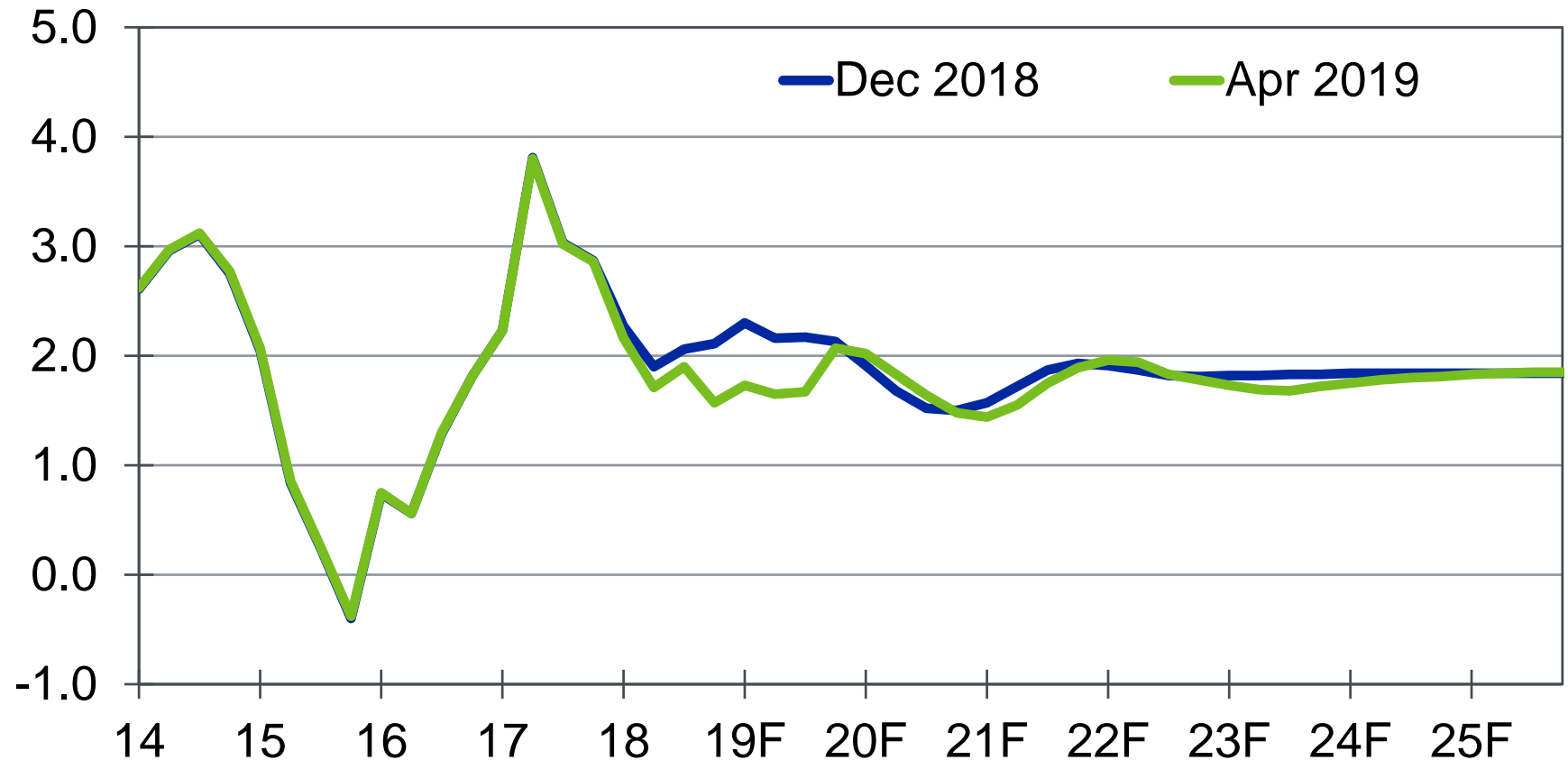


Brendan LaCerde

Associate Director and Senior Economist
Moody's Analytics

Growth Expectations Dim

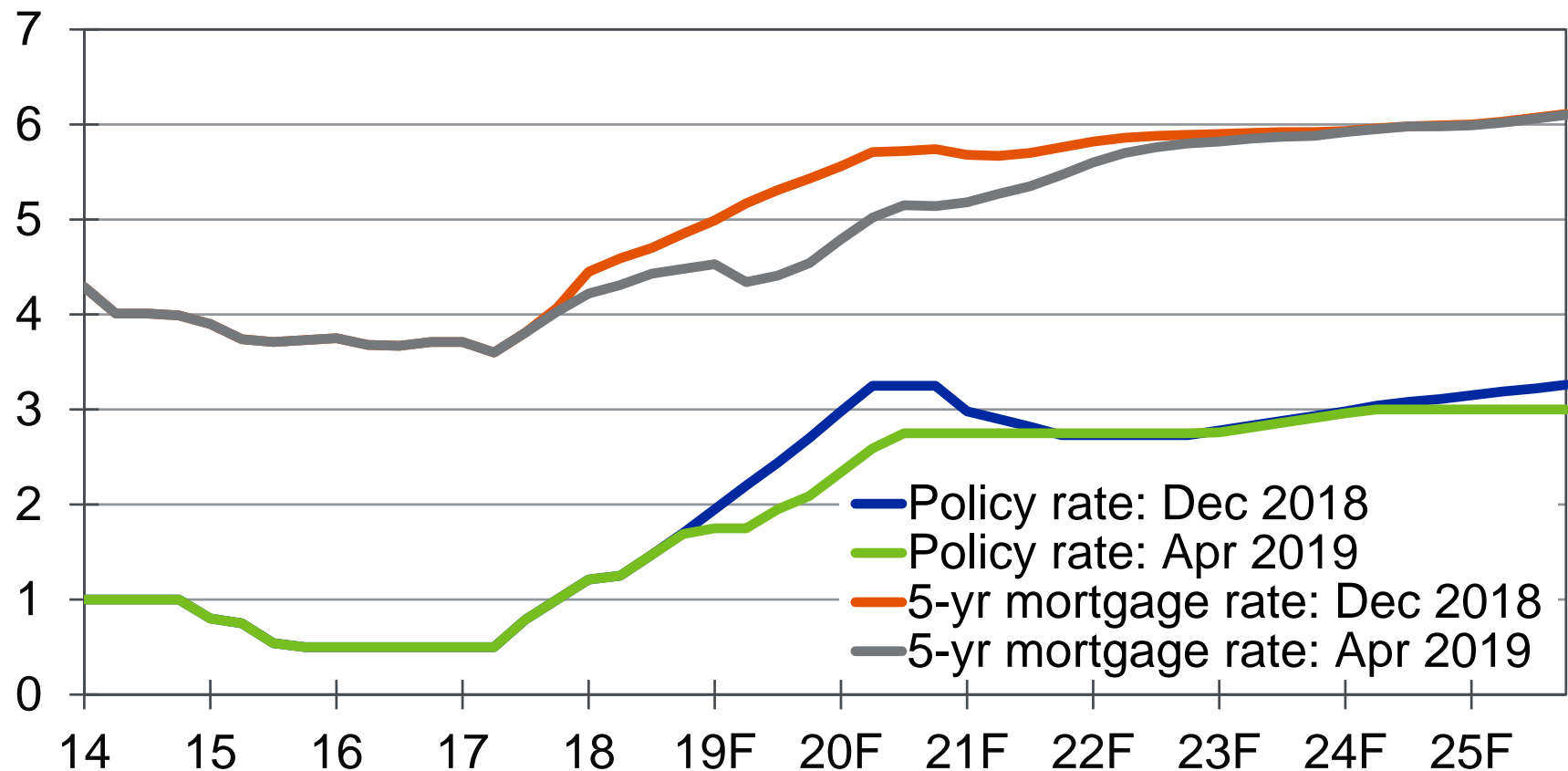
Real GDP, % change yr ago, by forecast vintage



Sources: Statistics Canada, Moody's Analytics

Interest Rate Expectations Shift

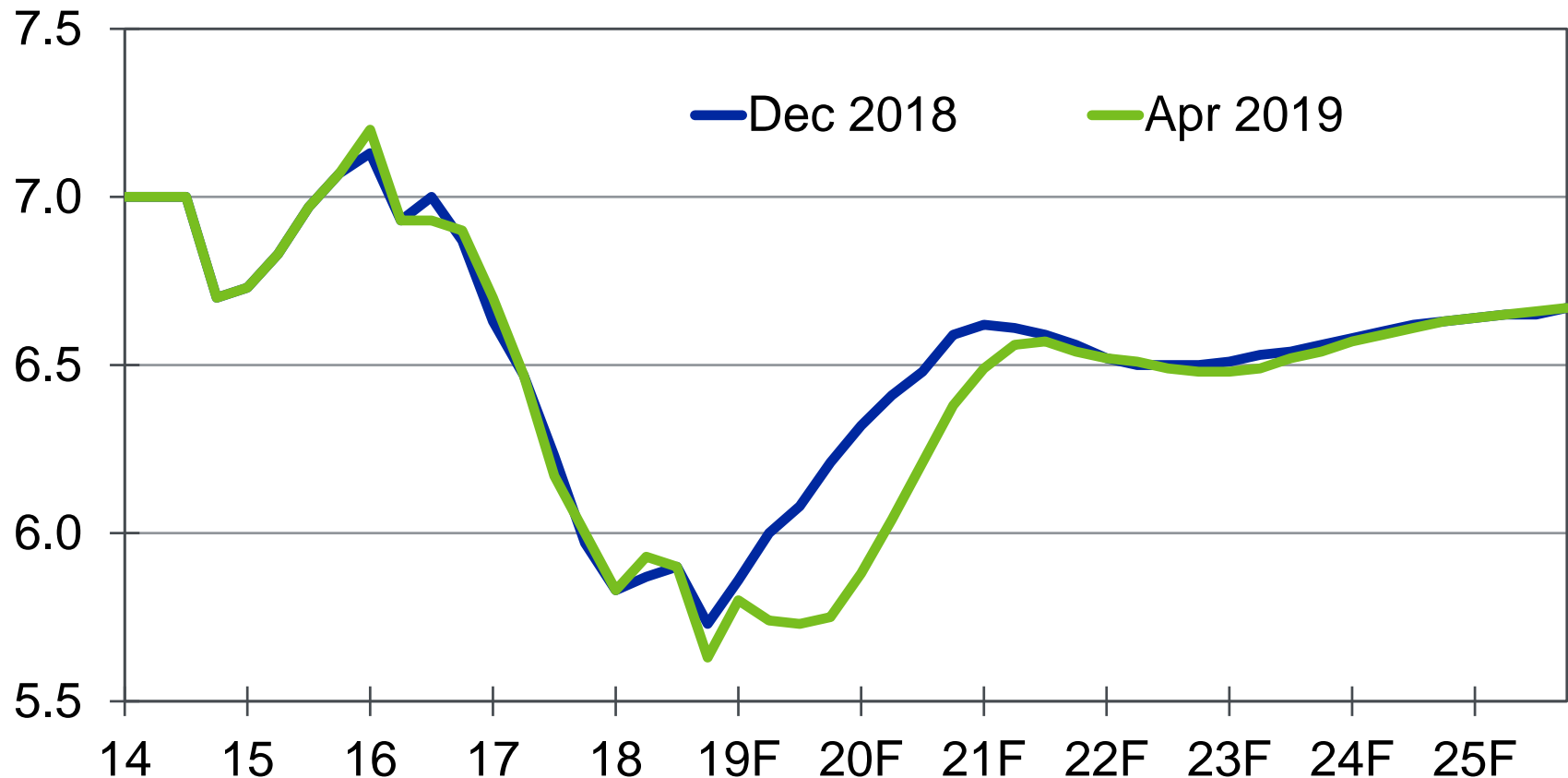
%, by forecast vintage



Sources: CMHC, Moody's Analytics

Dovish Policy Delays Labor Normalization

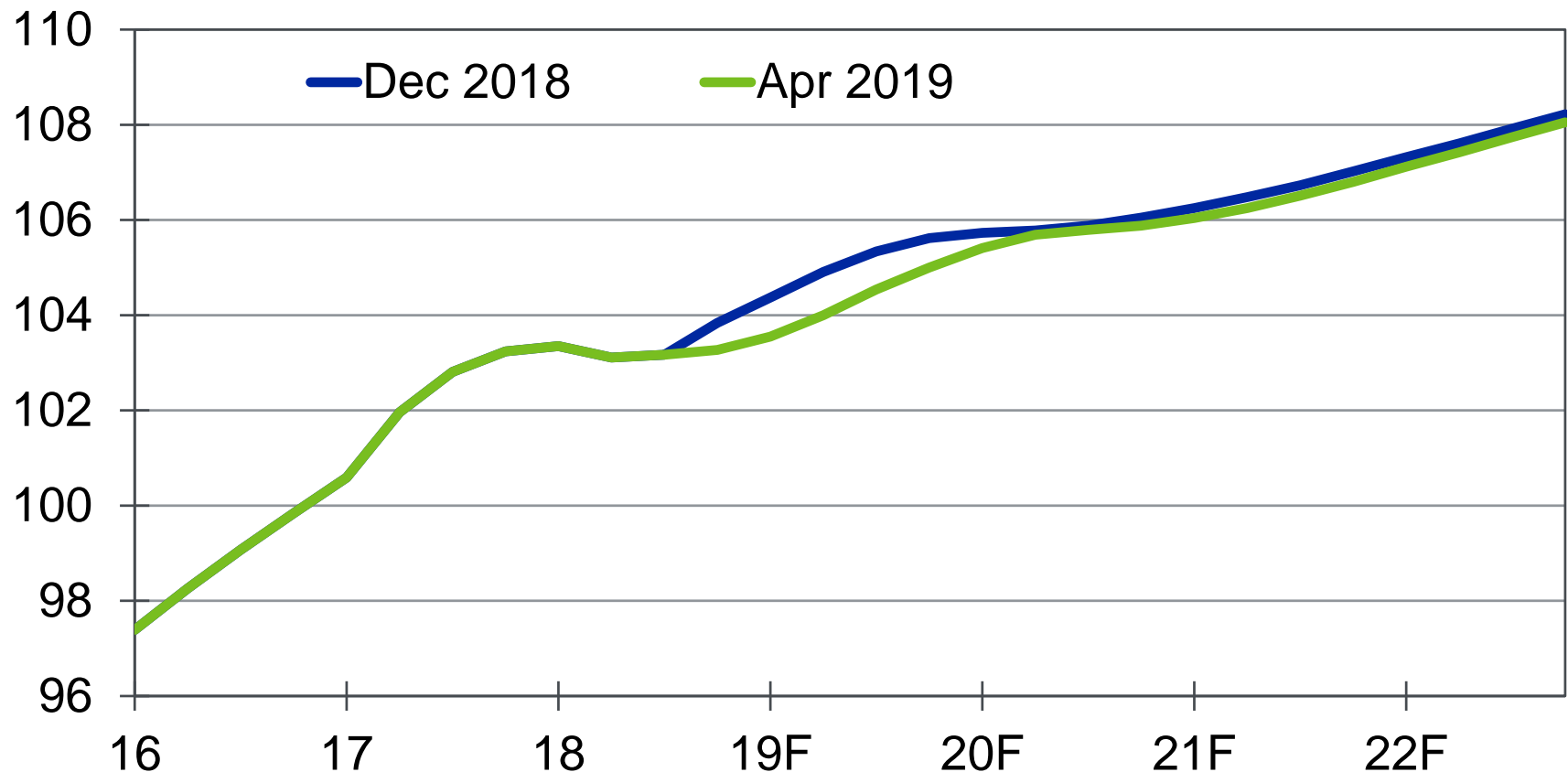
Unemployment rate, %, by forecast vintage



Sources: Statistics Canada, Moody's Analytics

Weakening in New Home Prices

New house and land value, Dec 2016=100, by forecast vintage



Sources: Statistics Canada, Moody's Analytics

Impending Regulatory Changes

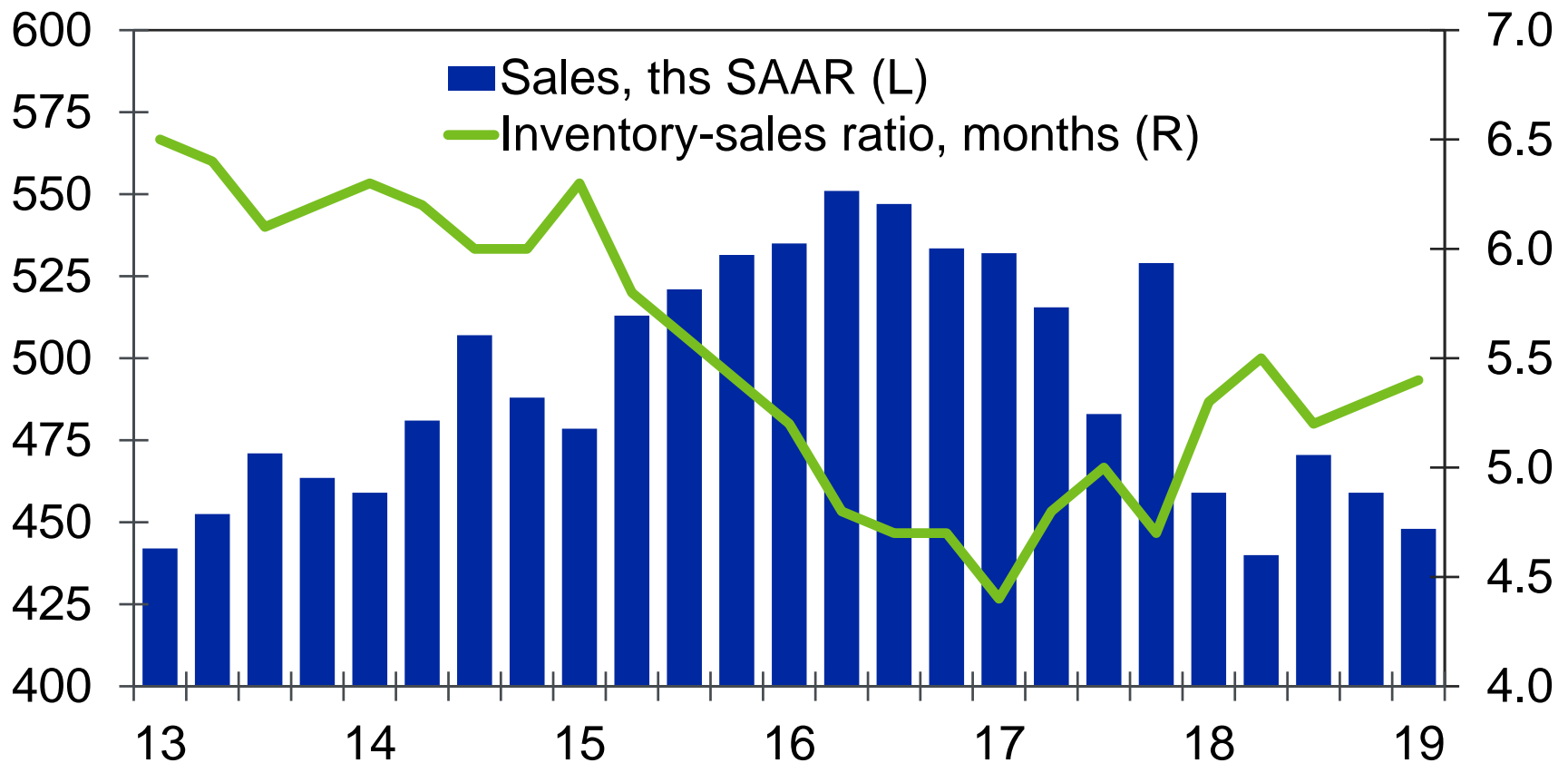
First-time home buyer incentive

- » Increase the Home Buyers' Plan withdrawal limit from \$25,000 to \$35,000
- » Allow eligible first-time home buyers to finance a portion of their home purchase through a shared equity mortgage with CMHC.
- » 10% shared equity mortgage for a newly constructed home
- » 5% shared equity mortgage for an existing home.
- » Maximum qualifying household income of C\$120,000
- » Maximum loan is 4x income.
- » The program is capped at \$1.25 billion over three years.
- » Inflationary effect of 0.2 to 0.4 pts, according to CMHC



Andres Carbacho-Burgos
Director, Housing Economics
Moody's Analytics

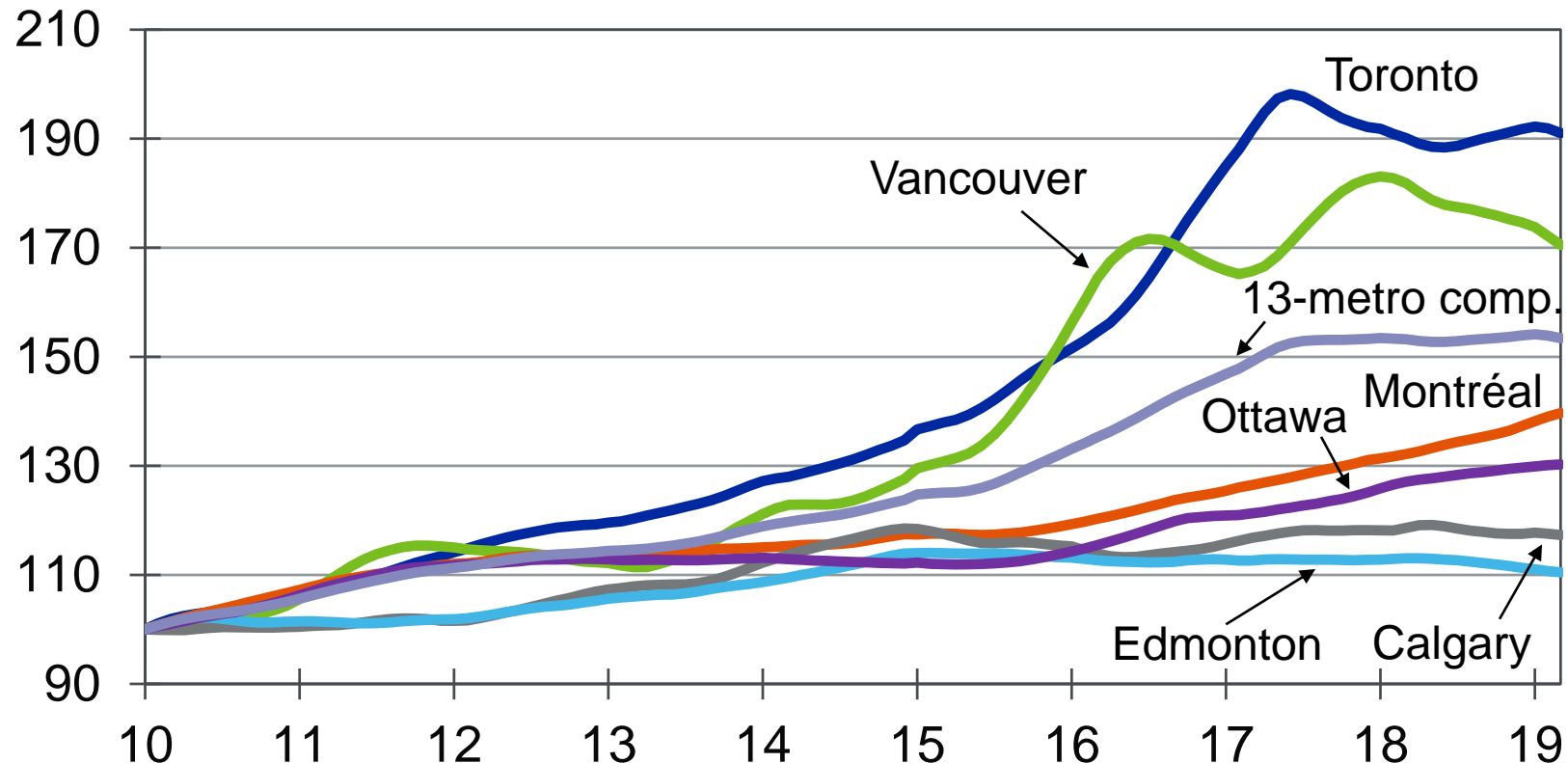
Home Sales Are Down From Peak



Sources: CREA, Moody's Analytics

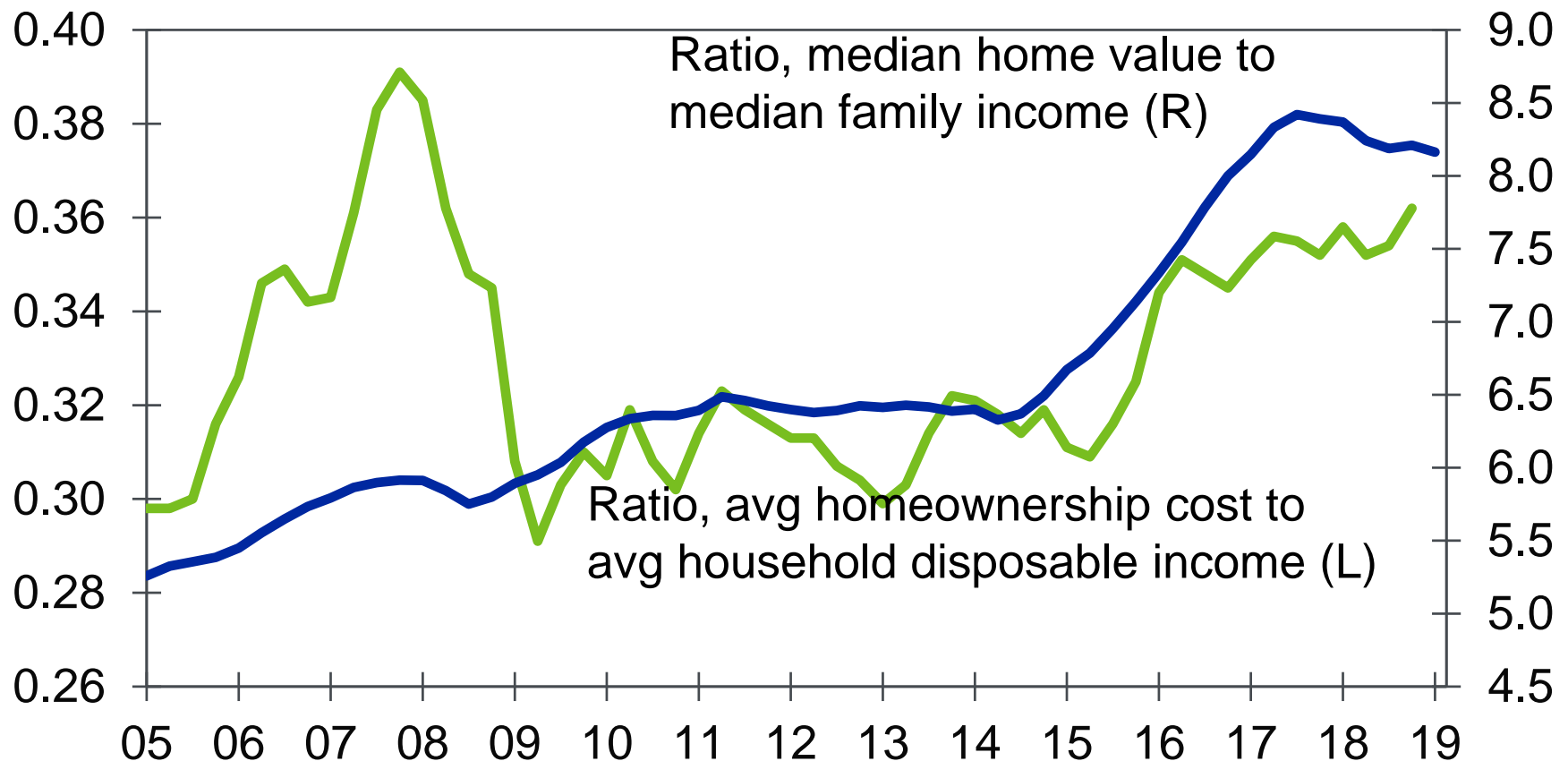
Toronto, Vancouver Lose Traction

RPS composite house prices, Jan 2010=100, SA



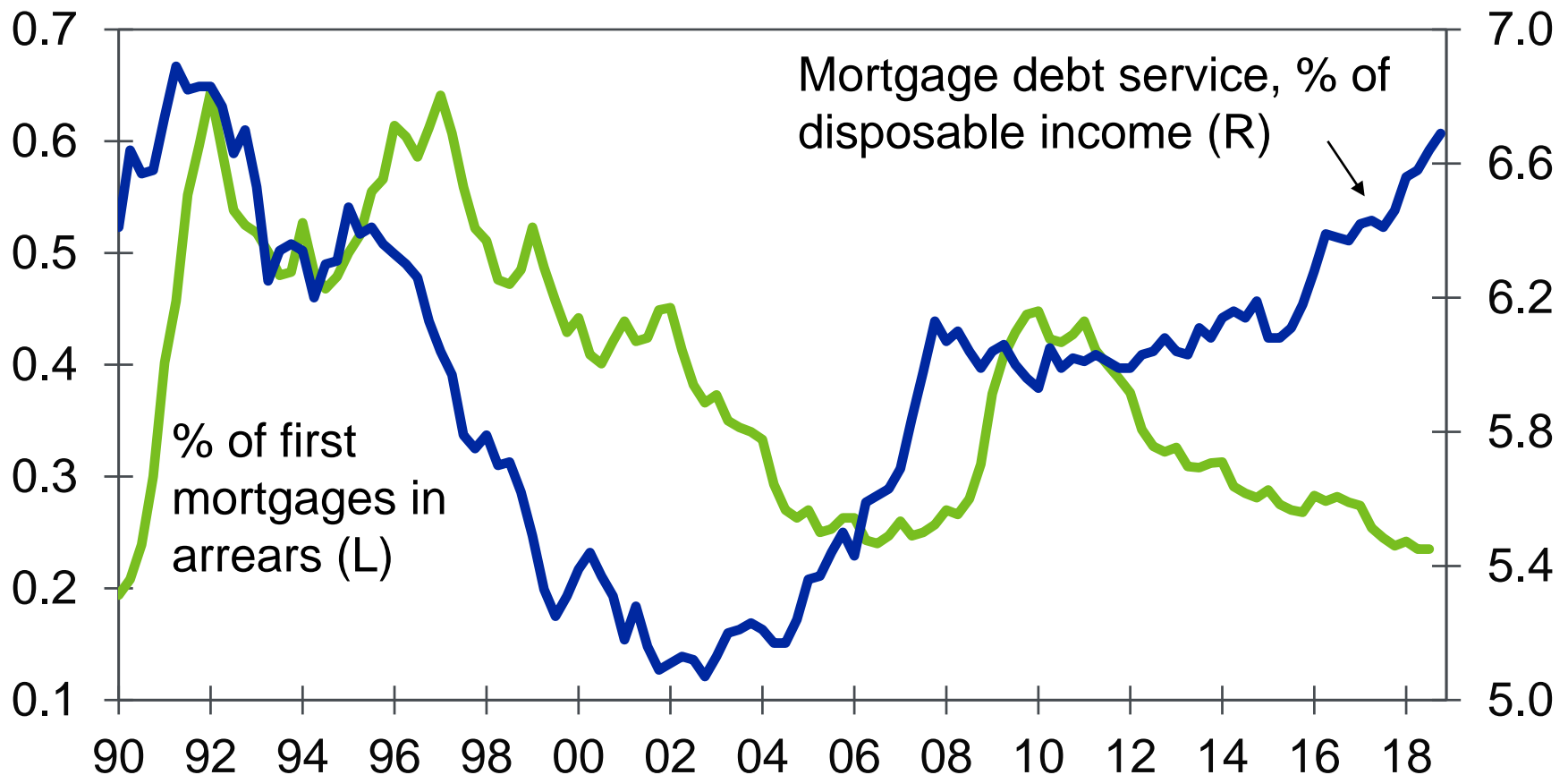
Sources: RPS, Moody's Analytics

Affordability Is Still Deteriorating



Sources: RPS, Bank of Canada, Statistics Canada, Moody's Analytics

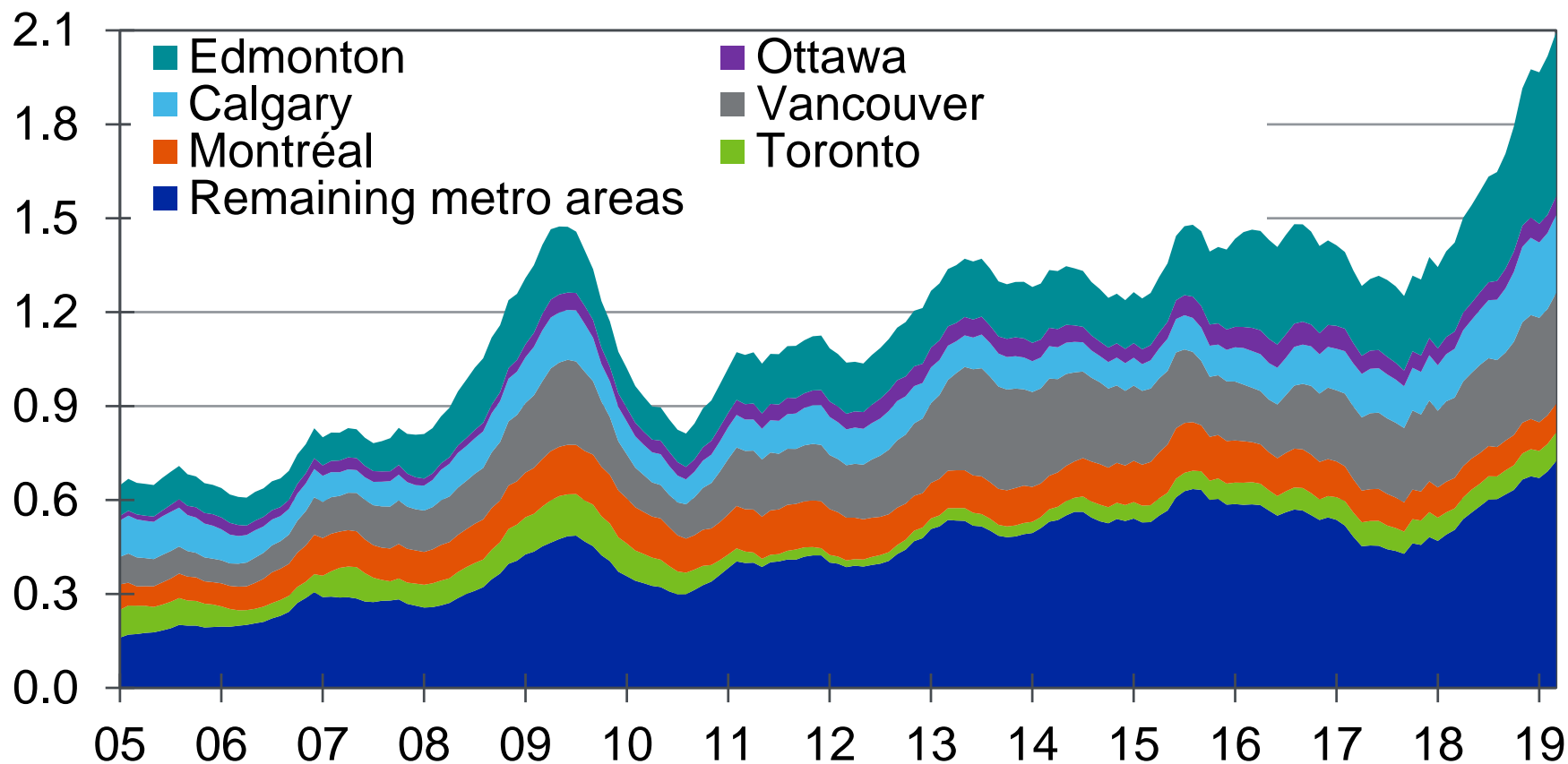
Mortgage Debt Is Good...for Now



Sources: Canadian Bankers Association, Statistics Canada, Moody's Analytics

Reduced Demand for New Homes

Ratio, new single-family inventory to total absorptions*, 3-mo MA

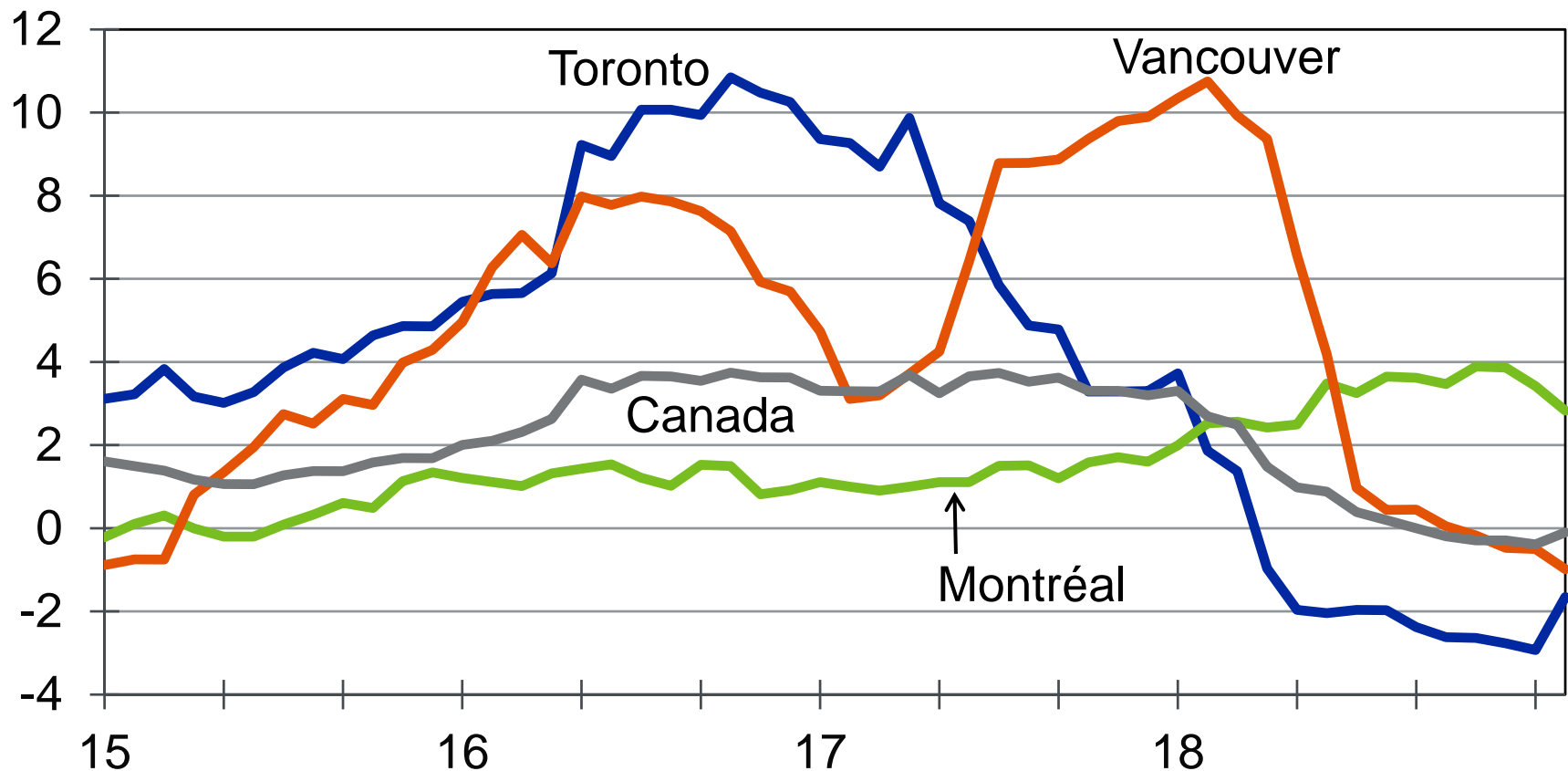


Sources: CMHC, Moody's Analytics

* Total for 33 census metropolitan areas

New-Home Prices Slow

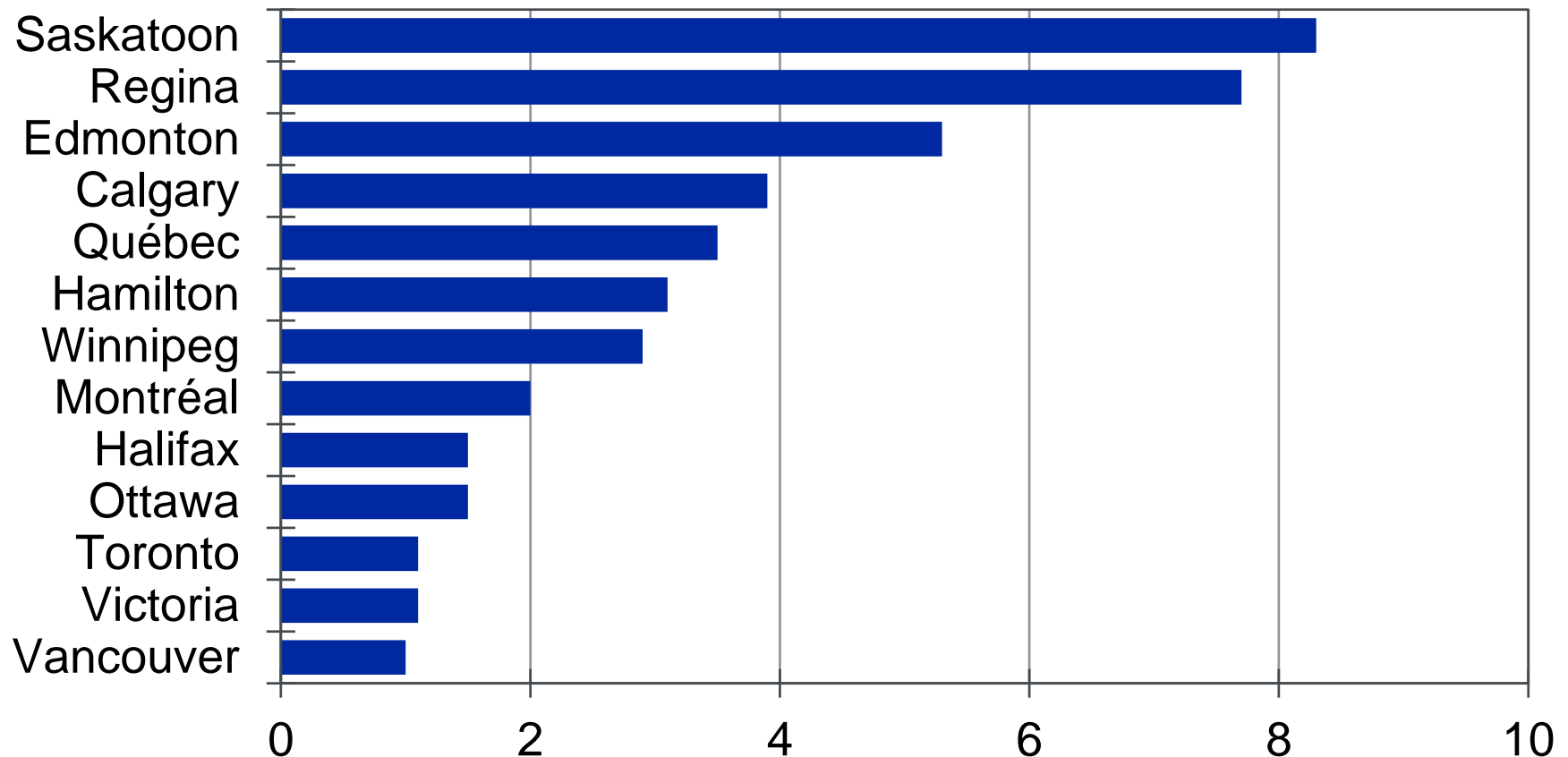
New-home price indexes, % change yr ago



Sources: Statistics Canada, Moody's Analytics

Tight Rental Markets Push Purchase Prices

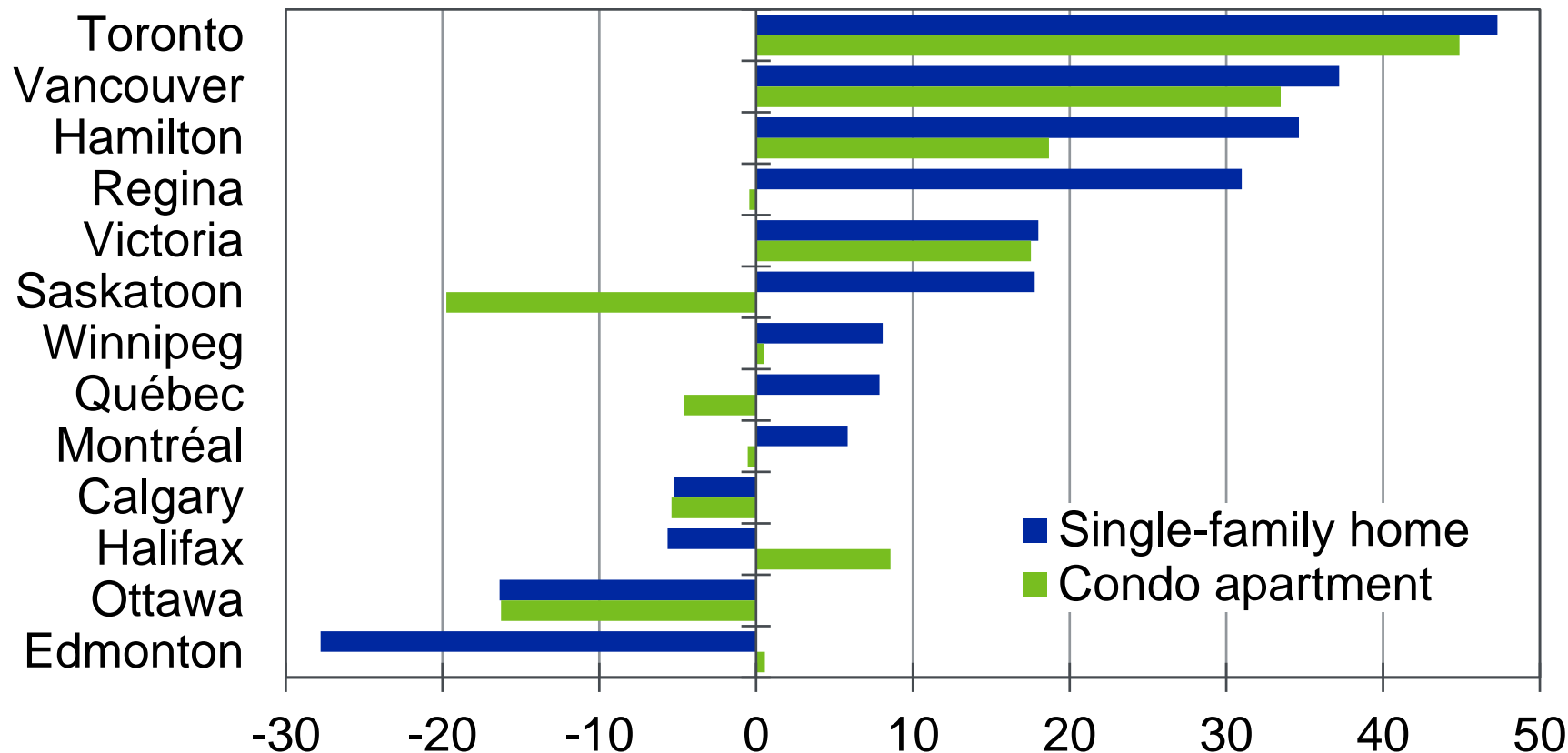
Vacancy rate, %, apartment structures with 6+ units



Sources: CMHC, Moody's Analytics

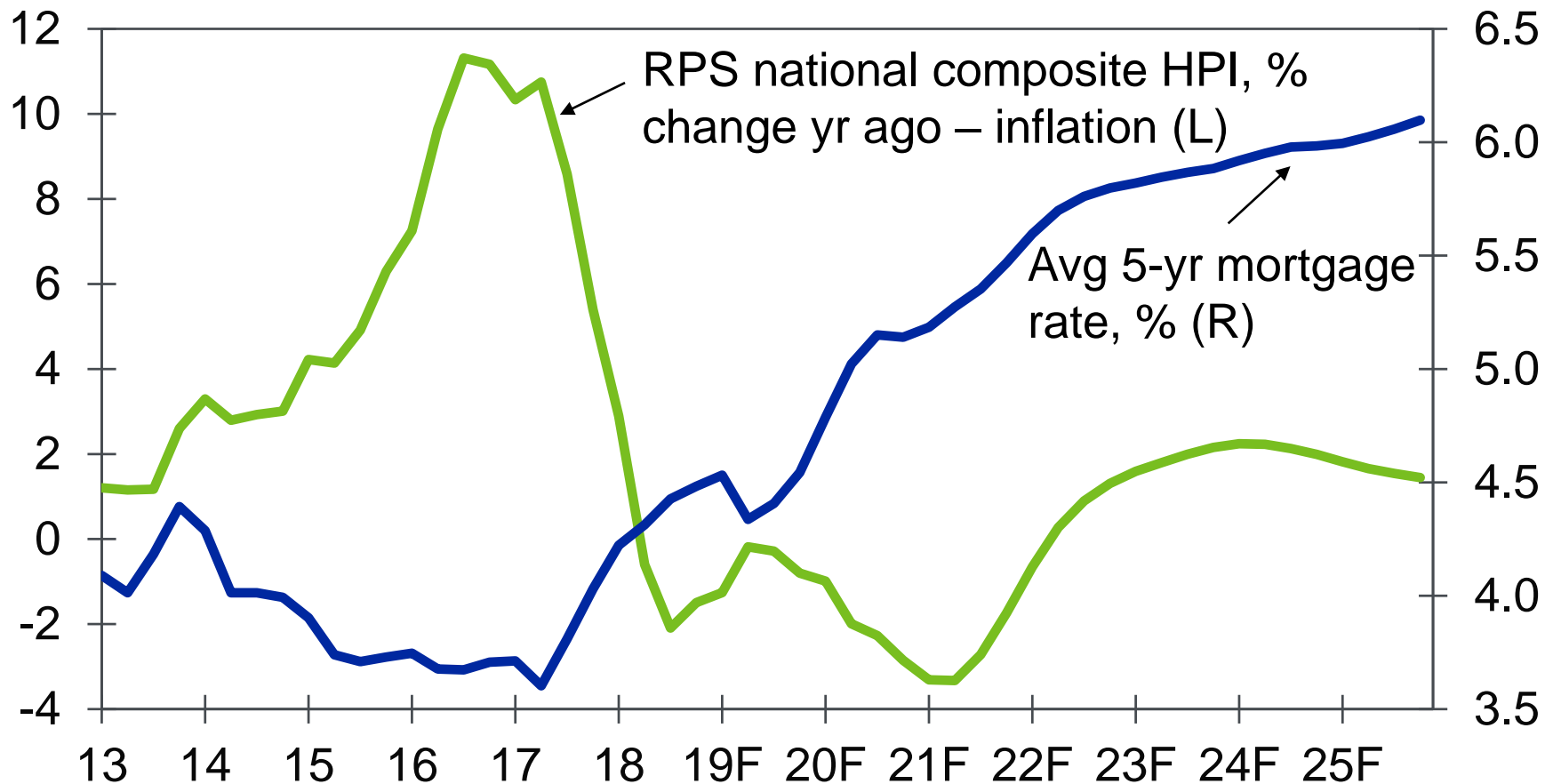
Toronto, Vancouver Remain Overvalued

RPS price indexes, % deviation from trend, 2019Q1



Sources: RPS, Statistics Canada, Moody's Analytics

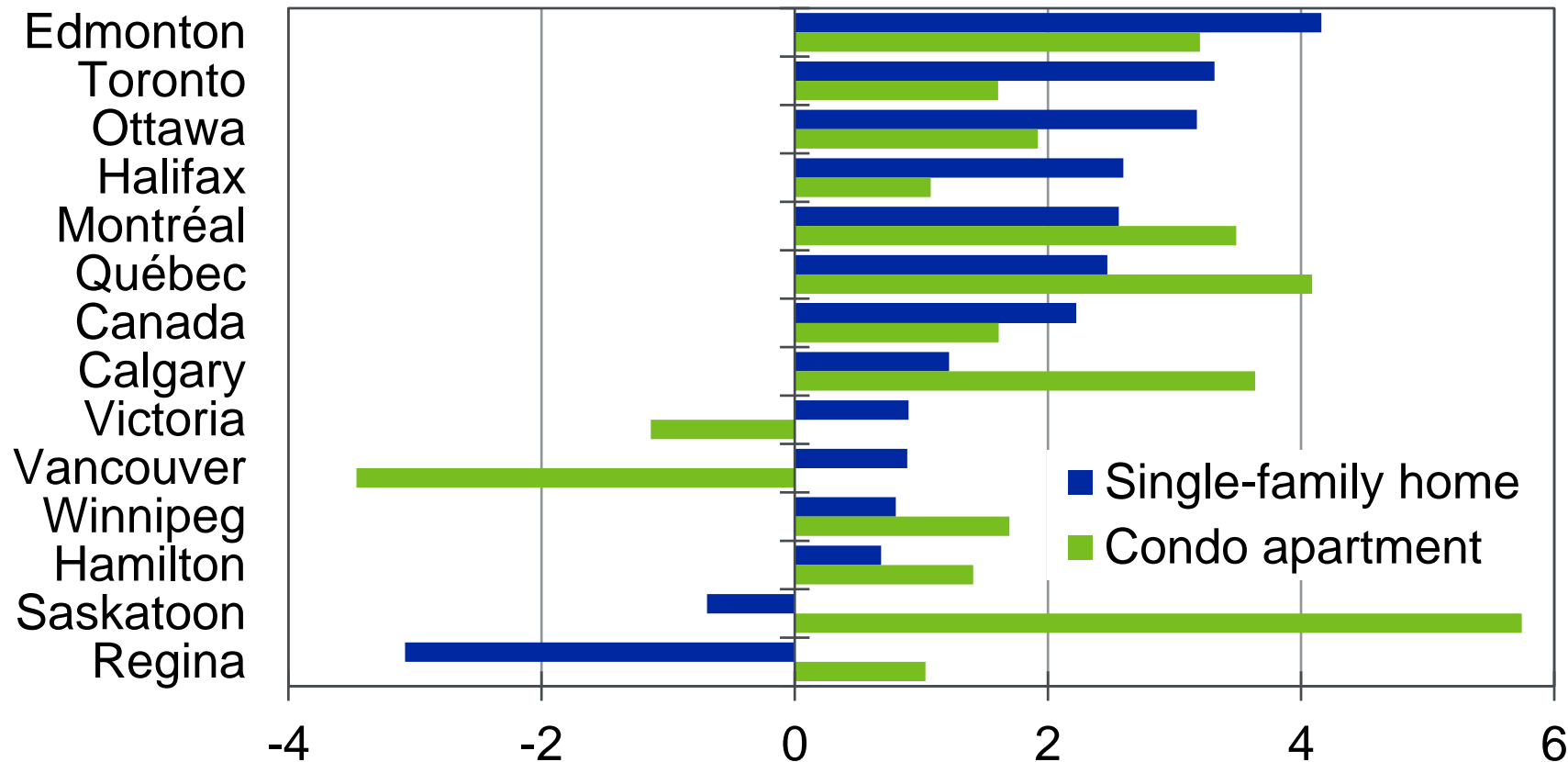
Rising Mortgage Rates Slow Appreciation



Sources: RPS, CMHC, Moody's Analytics

Tight Supply Still Hampers Toronto

RPS price indexes, avg annualized % change, 2019Q1 to 2024Q1

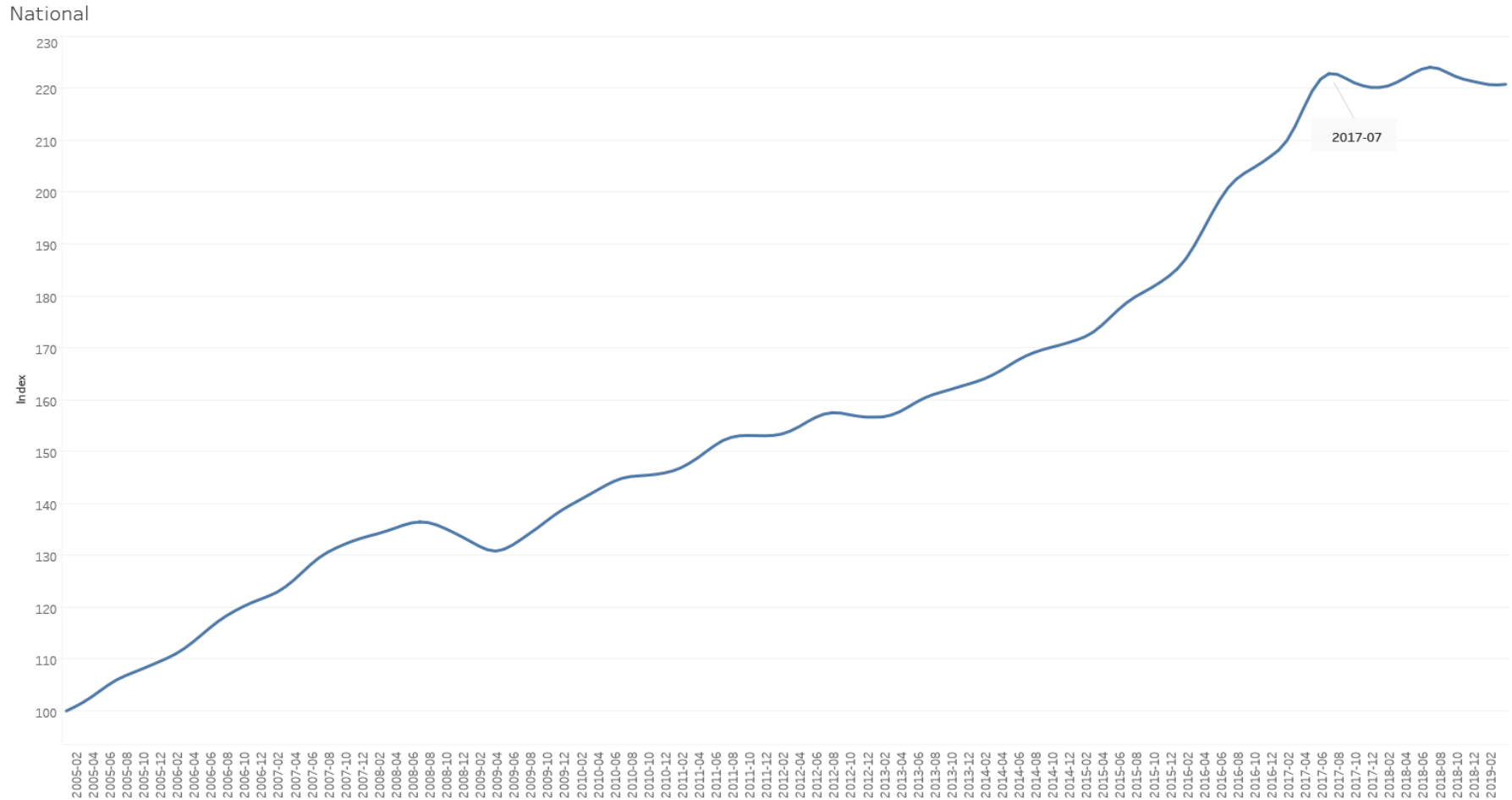


Sources: RPS, Statistics Canada, Moody's Analytics



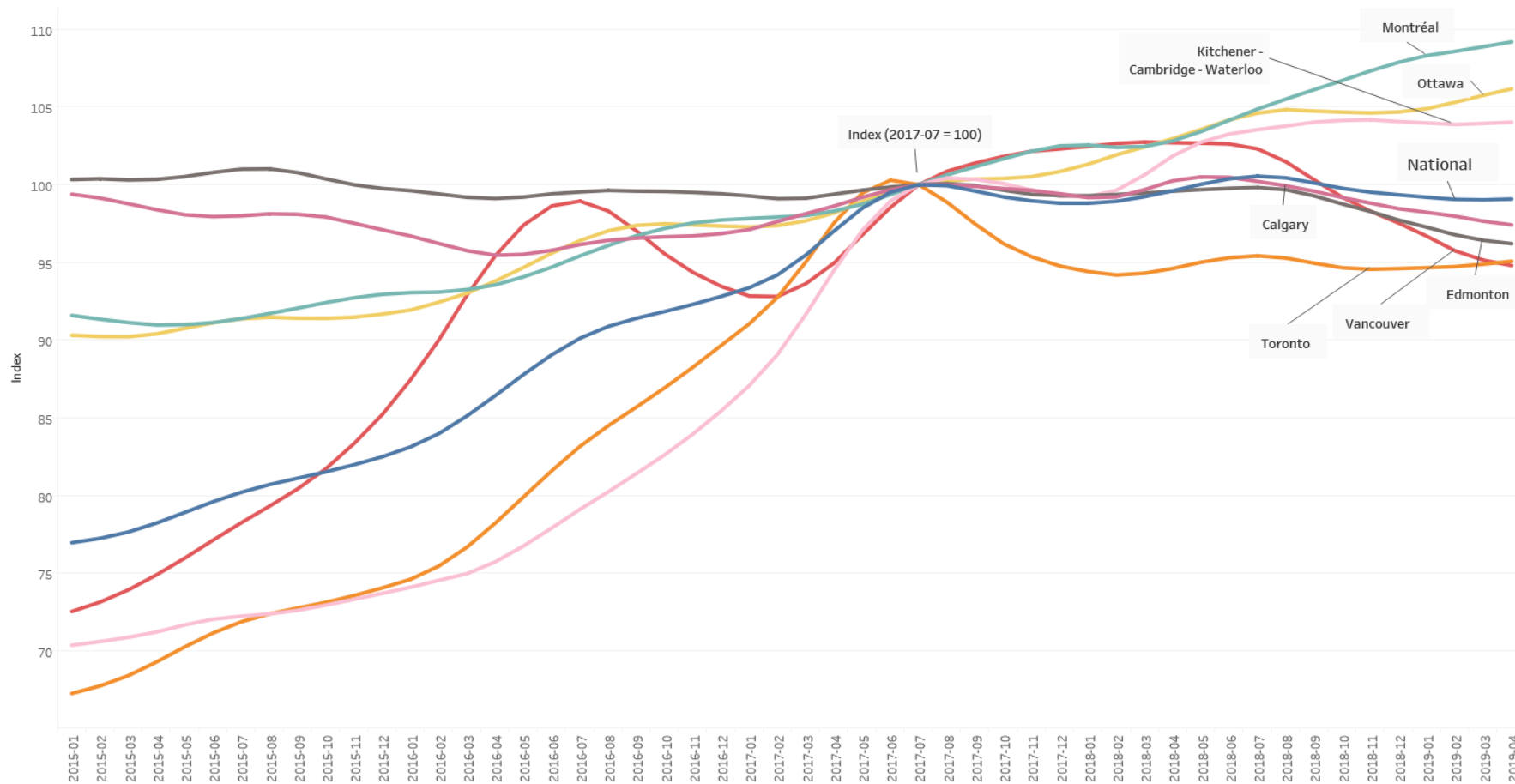
Philip Bermingham
Director, Data & Analytics
RPS Real Property Solutions

House Prices Have Plateaued Since July 2017



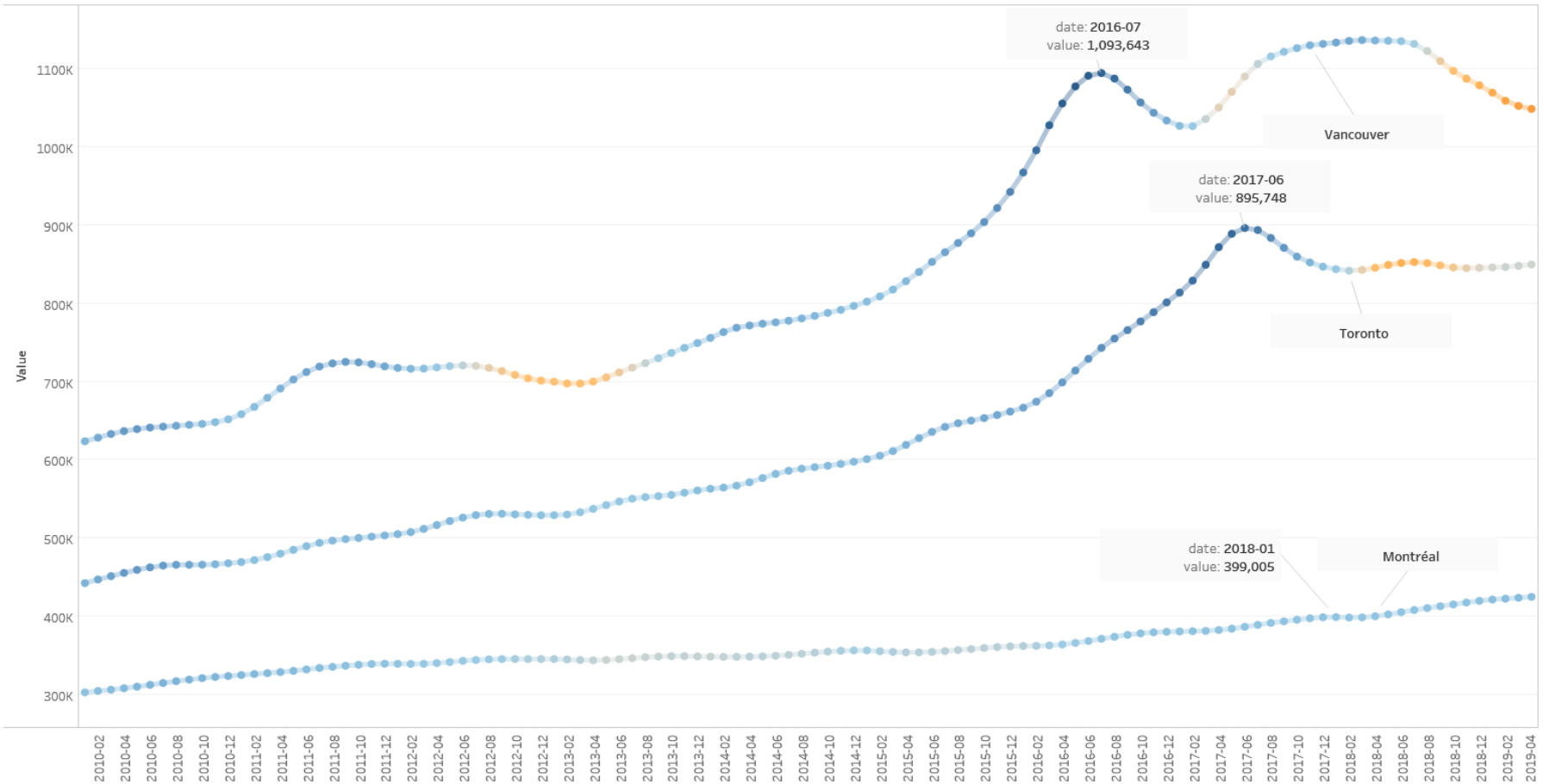
Rate of Change Since July 2017

National (2017-07 Index)



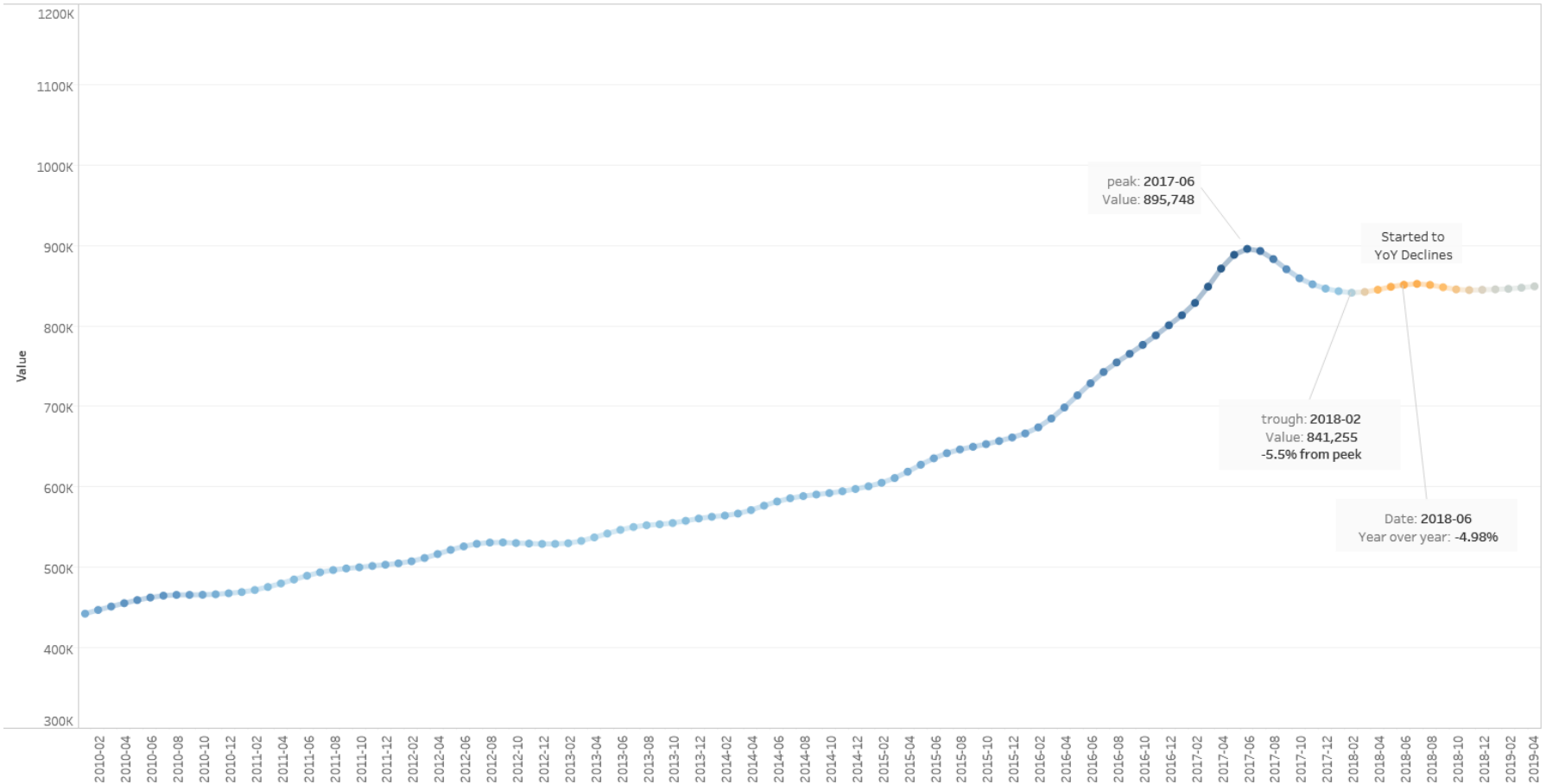
Toronto, Vancouver & Montreal

GTA GVA GMA



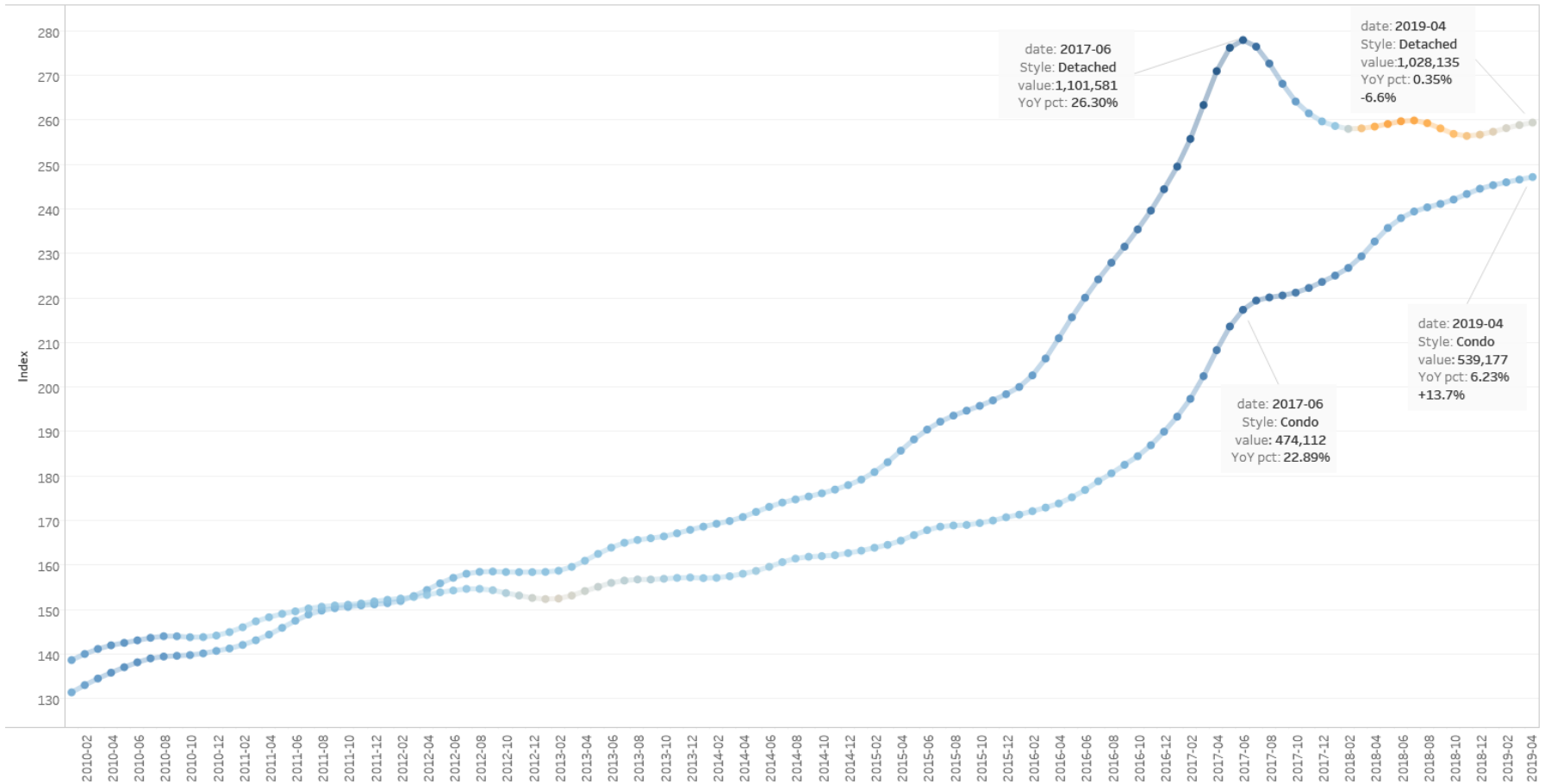
Peak and Trough Toronto

Toronto Aggregate Value

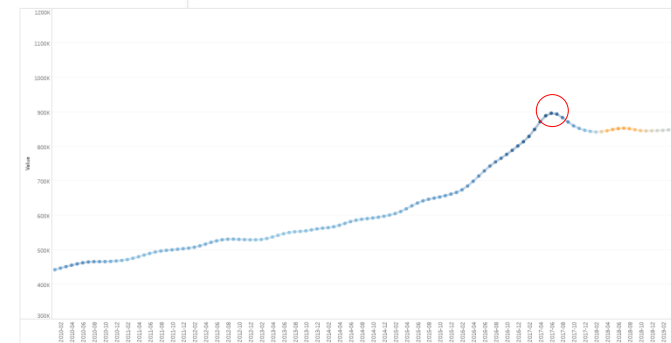
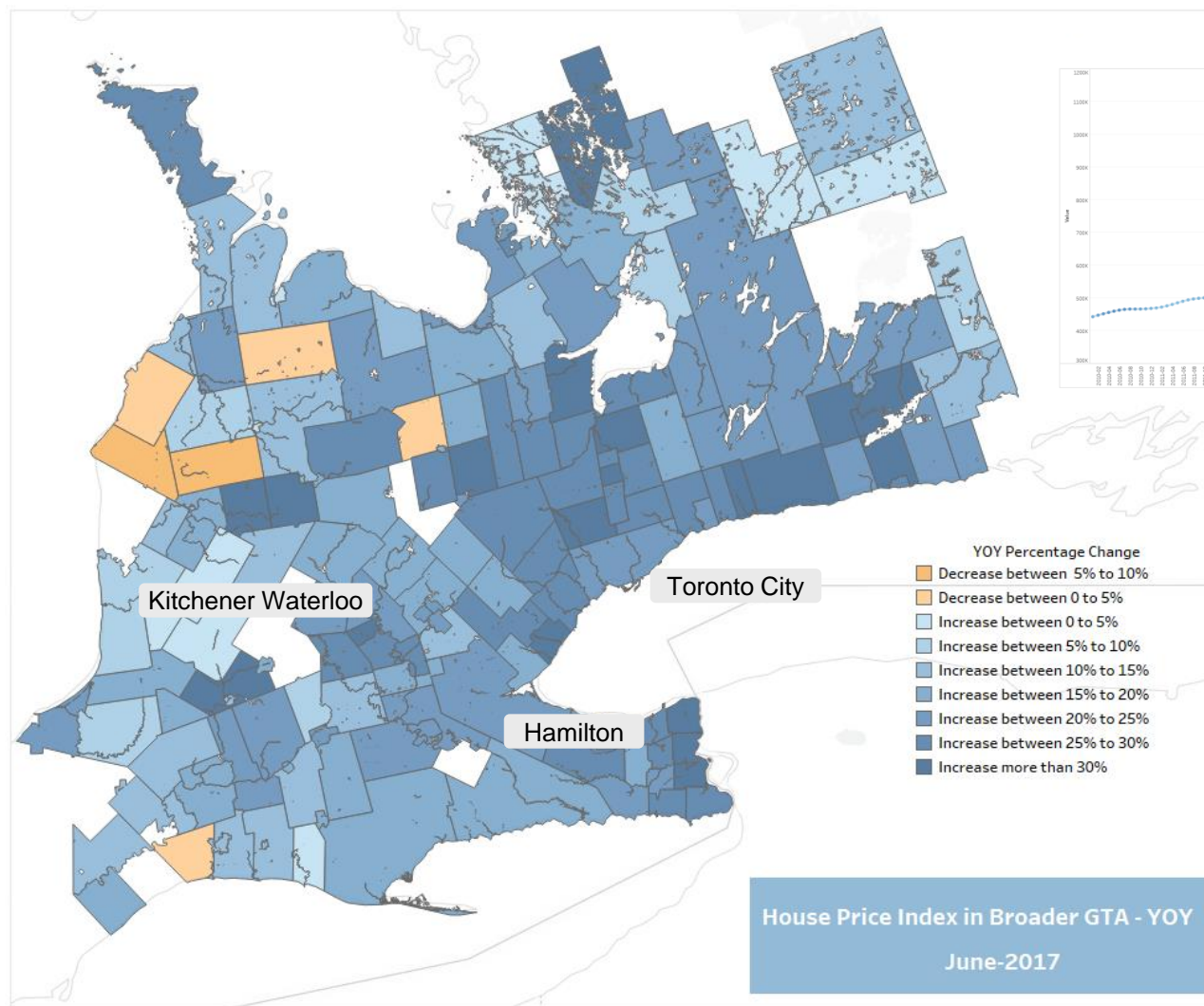


Toronto – Condos Continue Grow (slower)

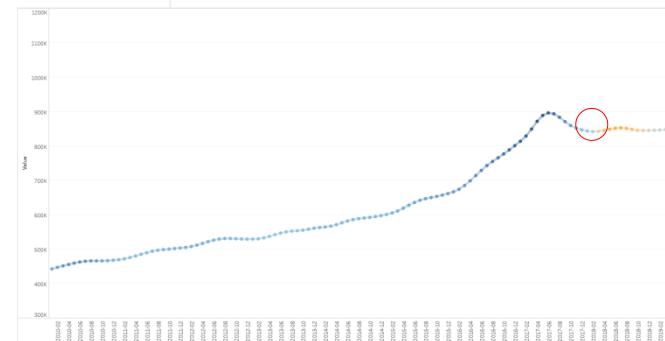
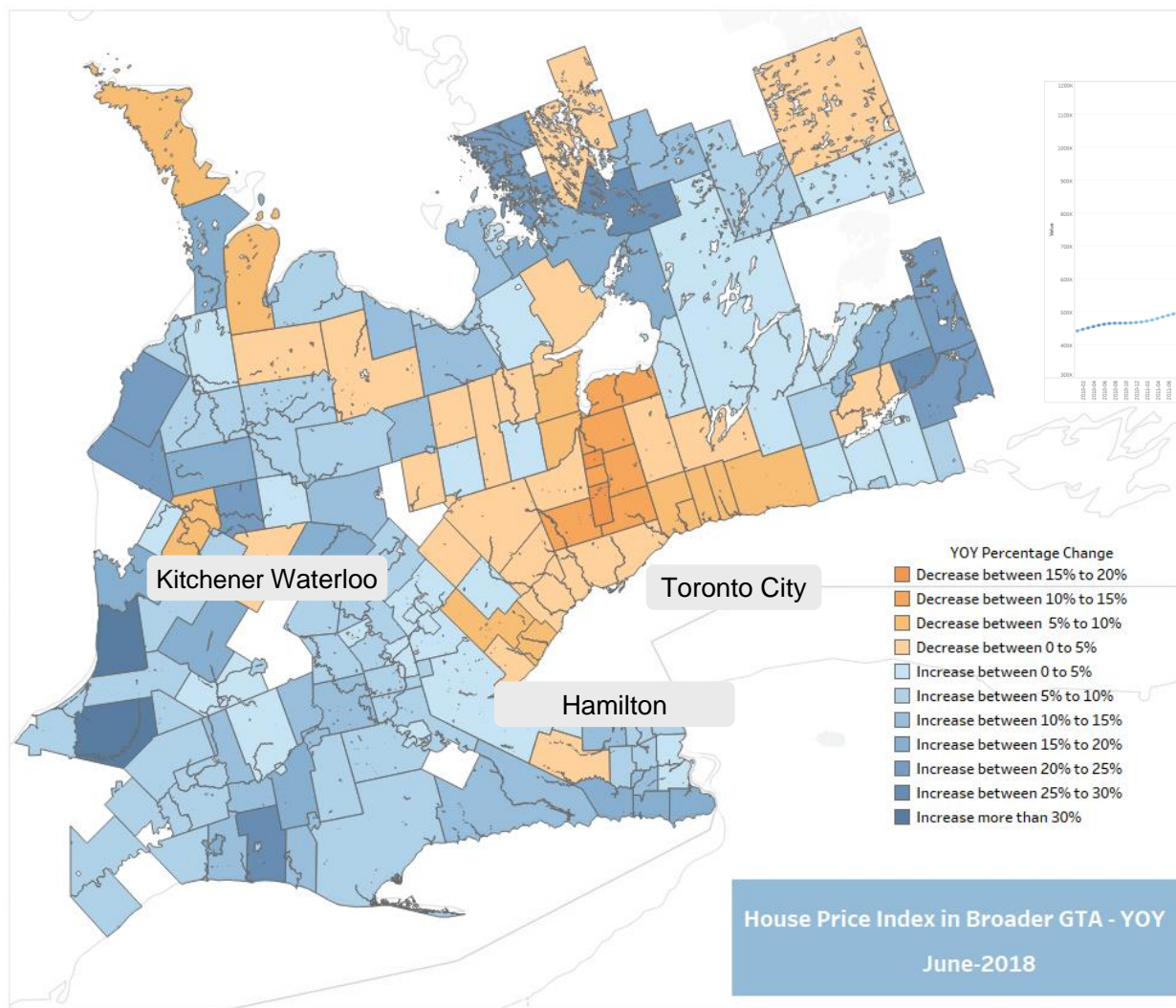
Toronto Style



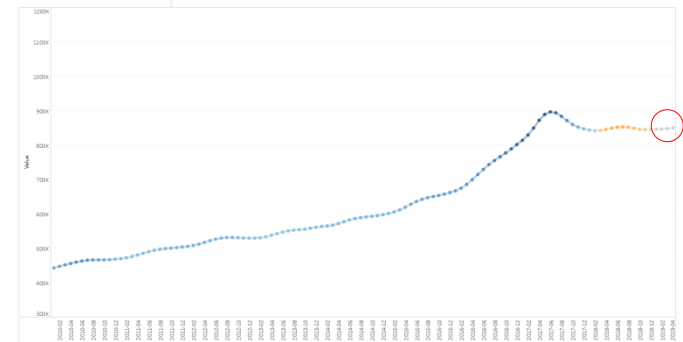
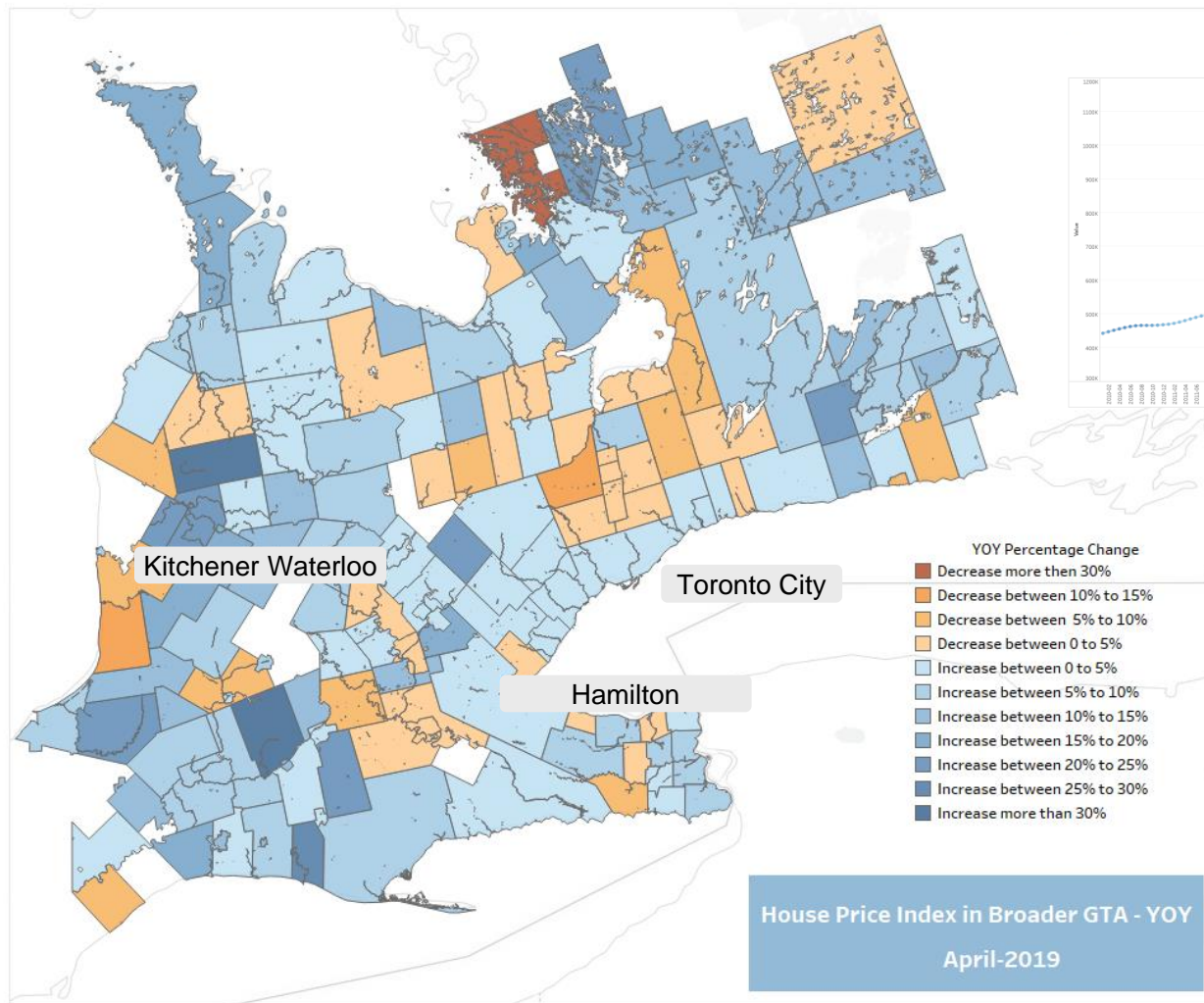
Toronto GGH June 2017



Toronto GGH June 2018

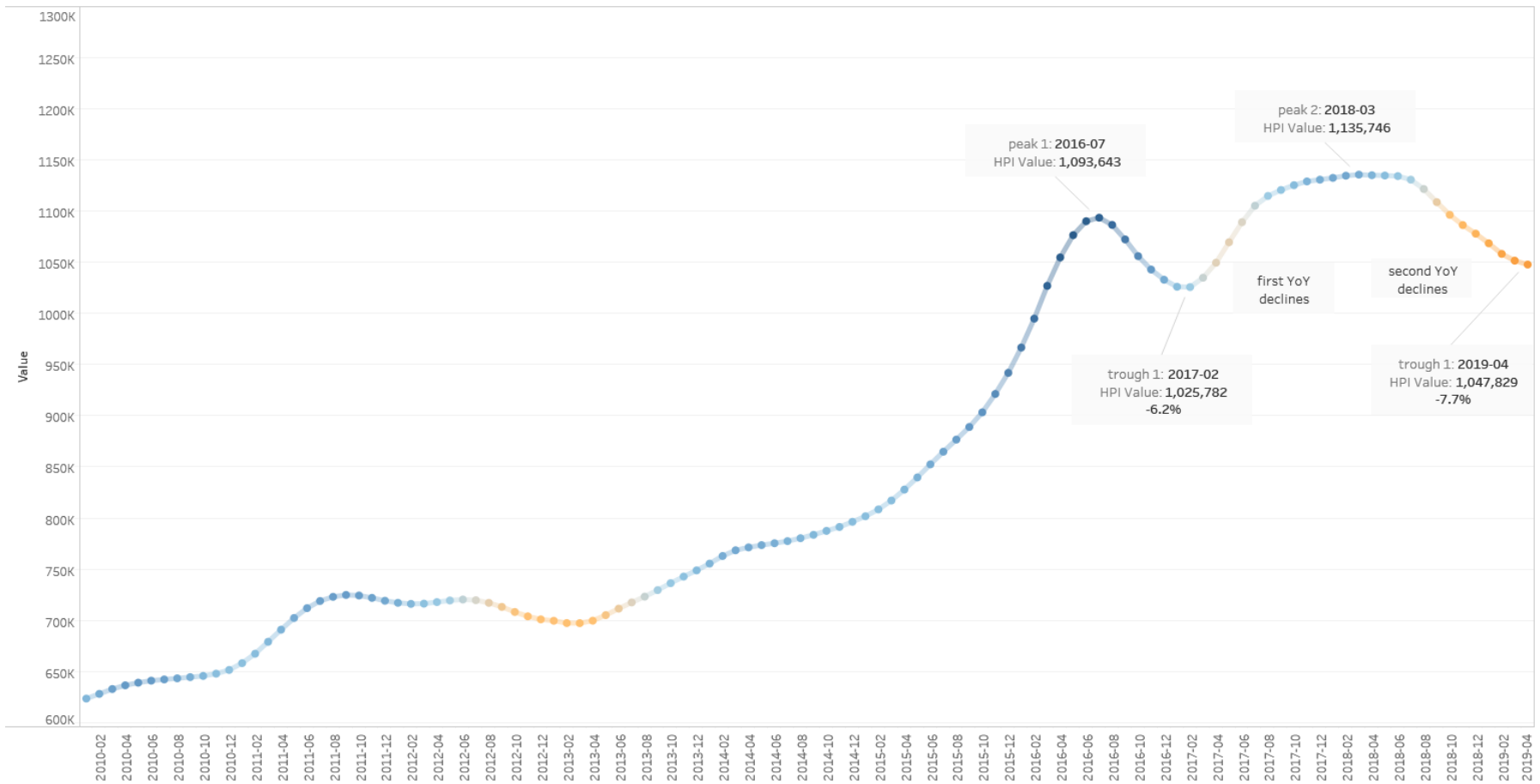


Toronto GGH April 2019



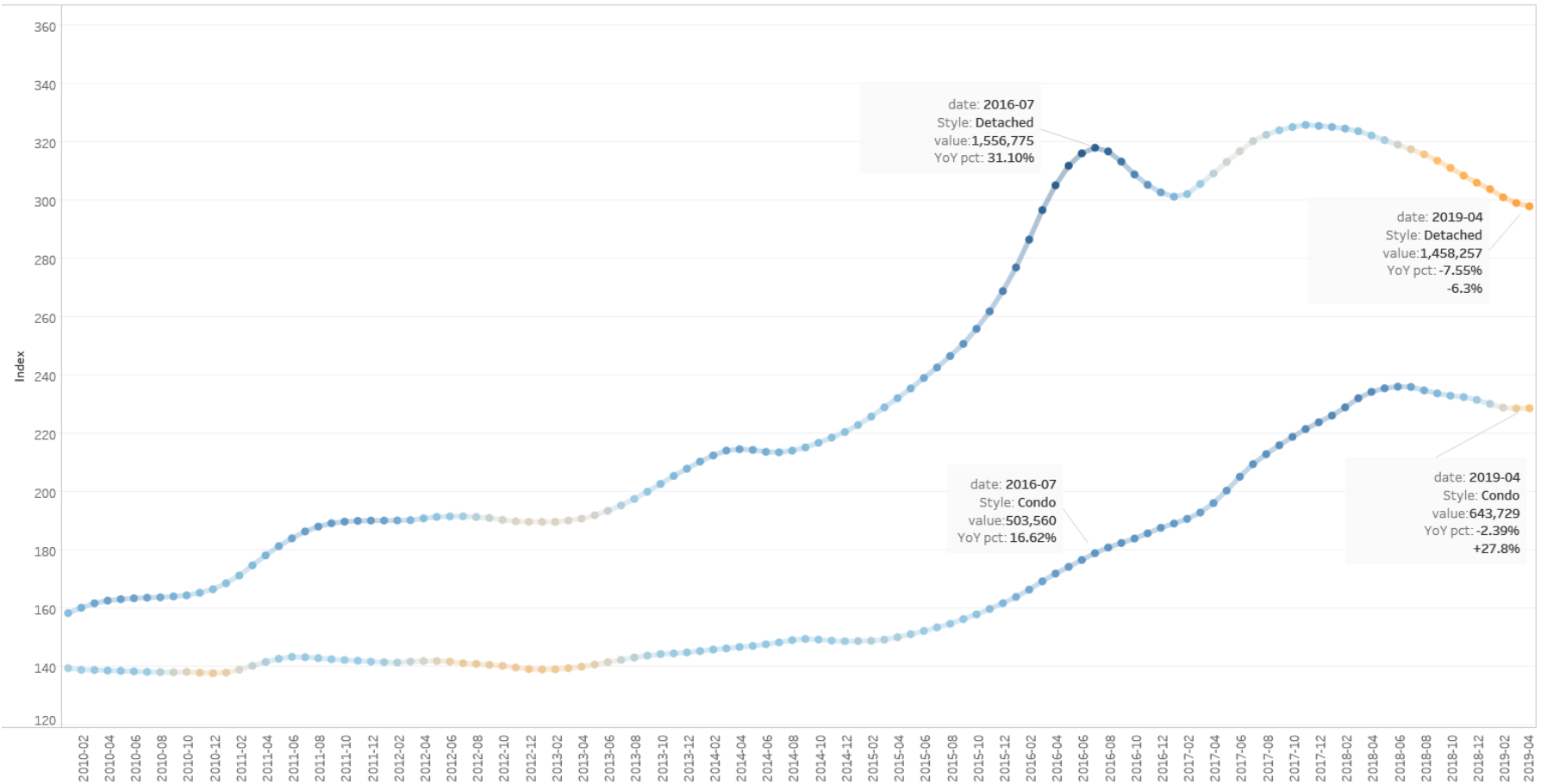
Peak and Trough Vancouver

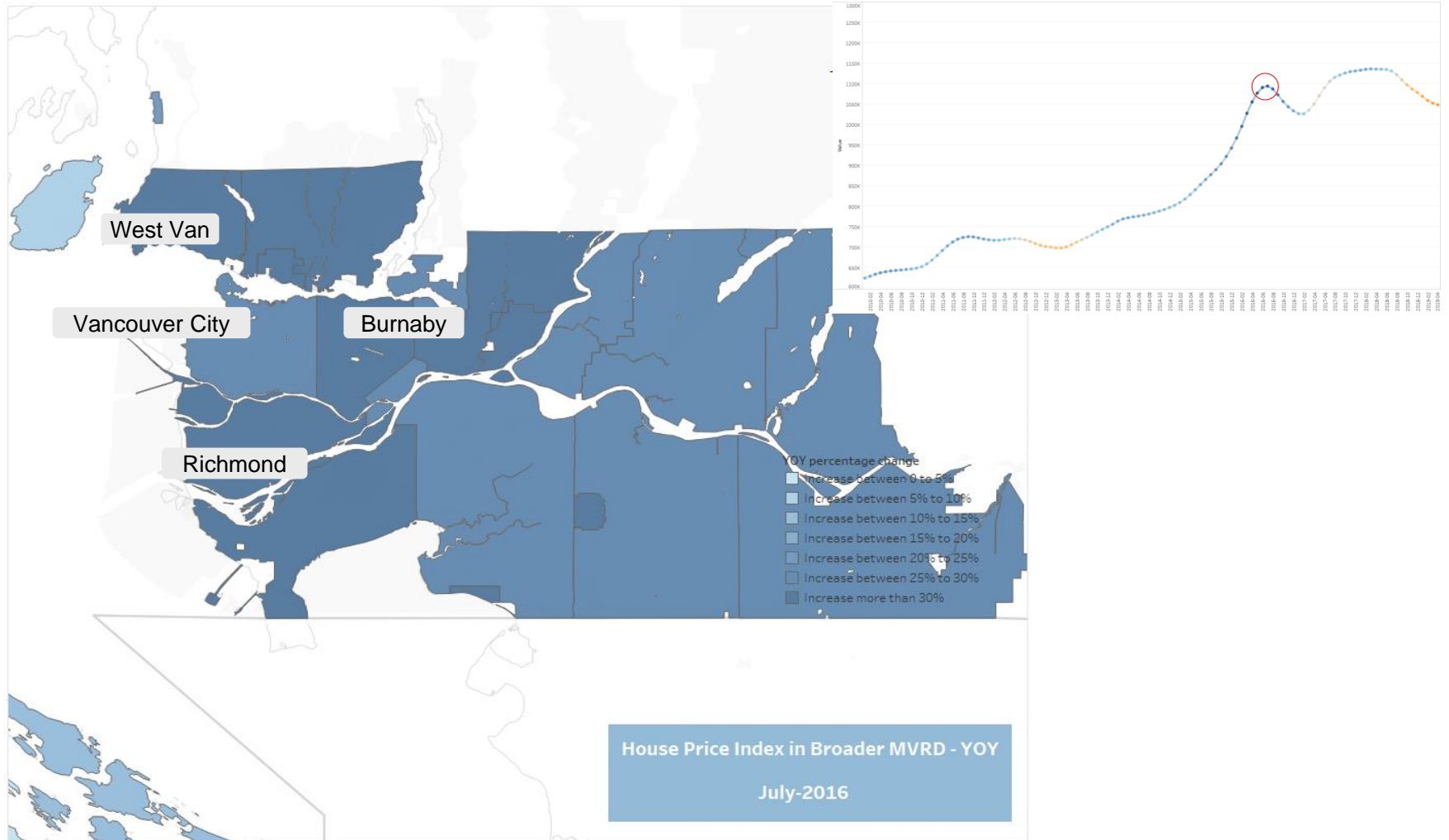
Vancouver Aggregate Value



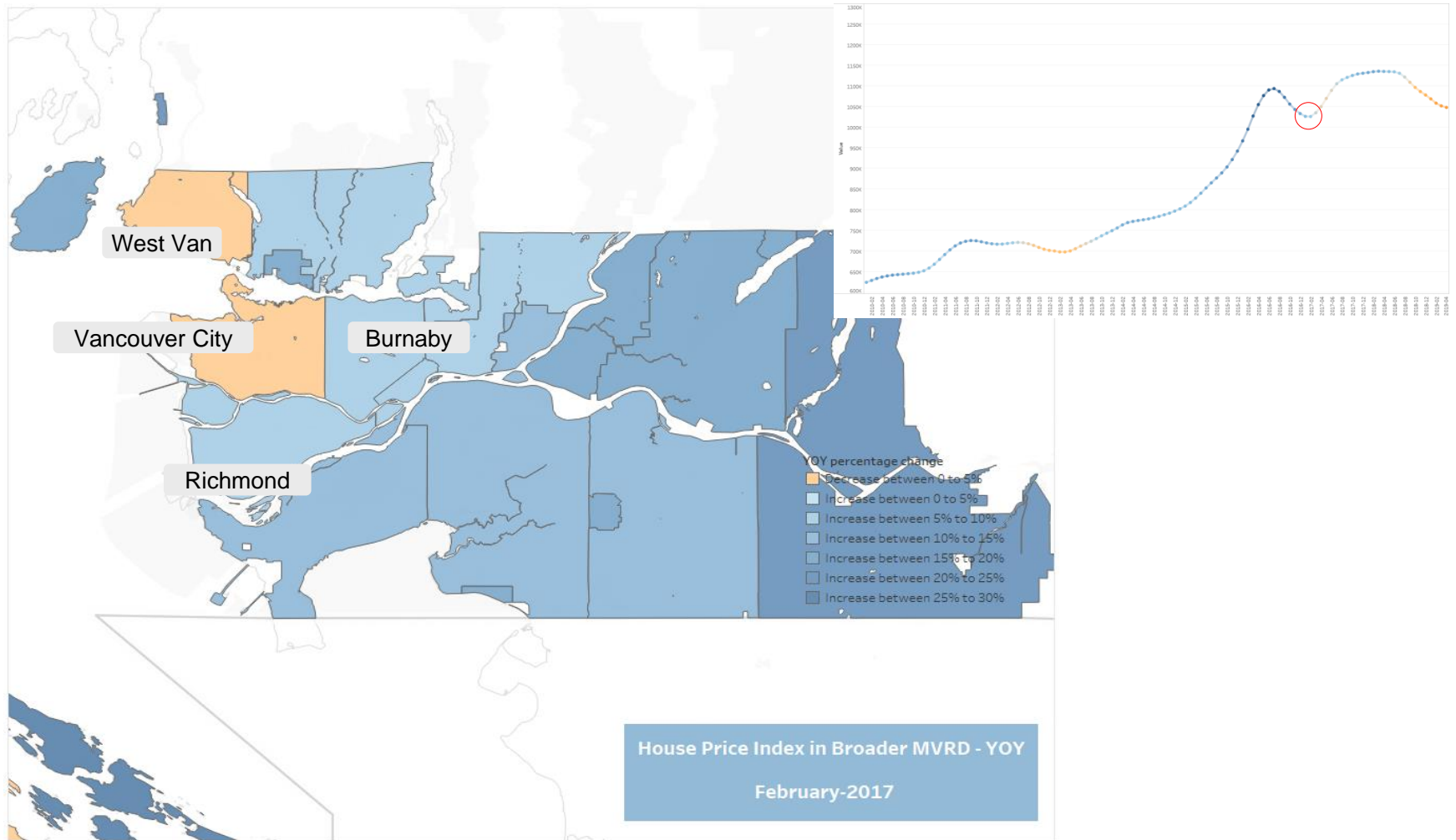
Vancouver – Condos Buck First Trend, Not Second

Vancouver Style

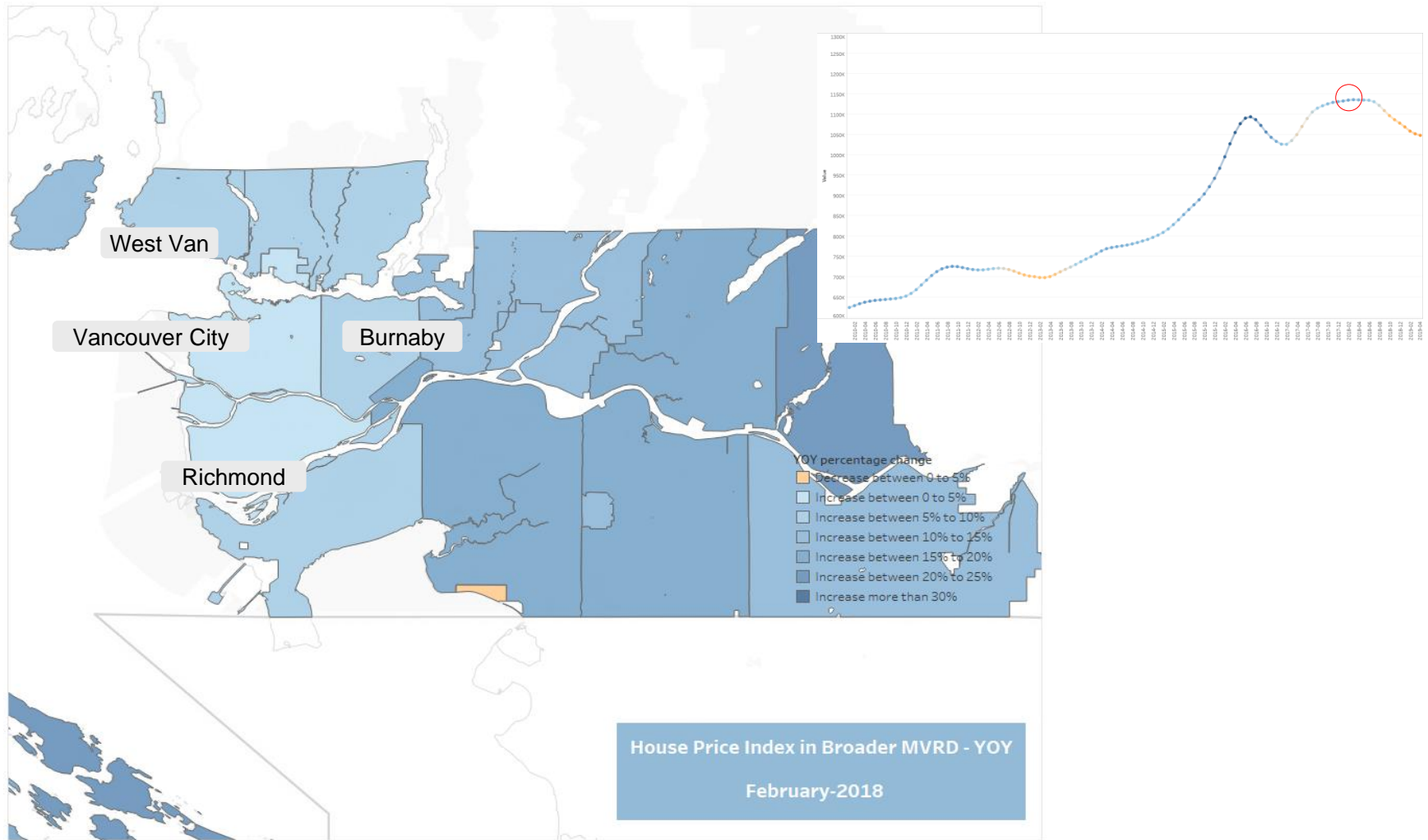




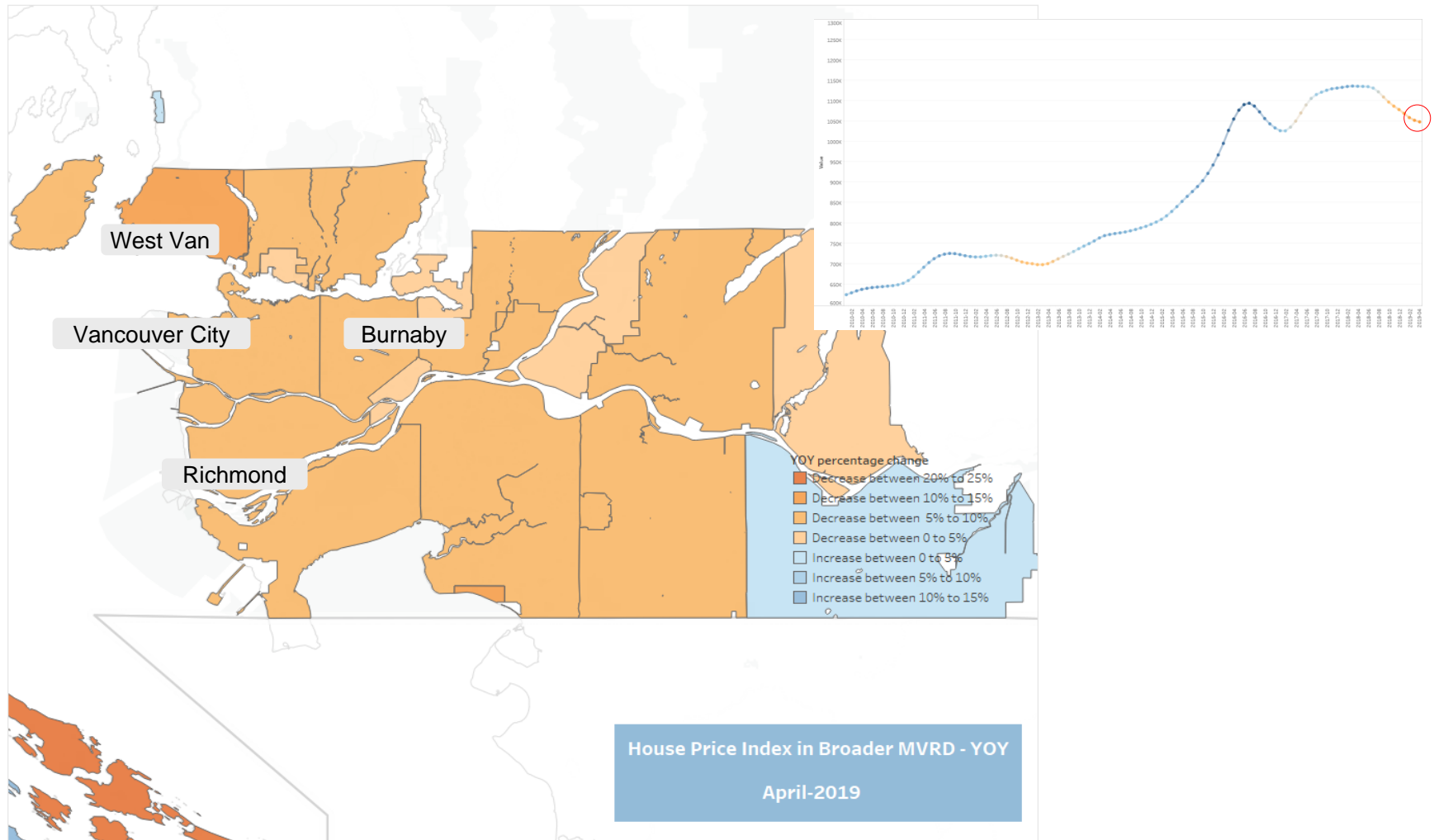
GVA February 2017 – High Value Markets Affected



GVA February 2018

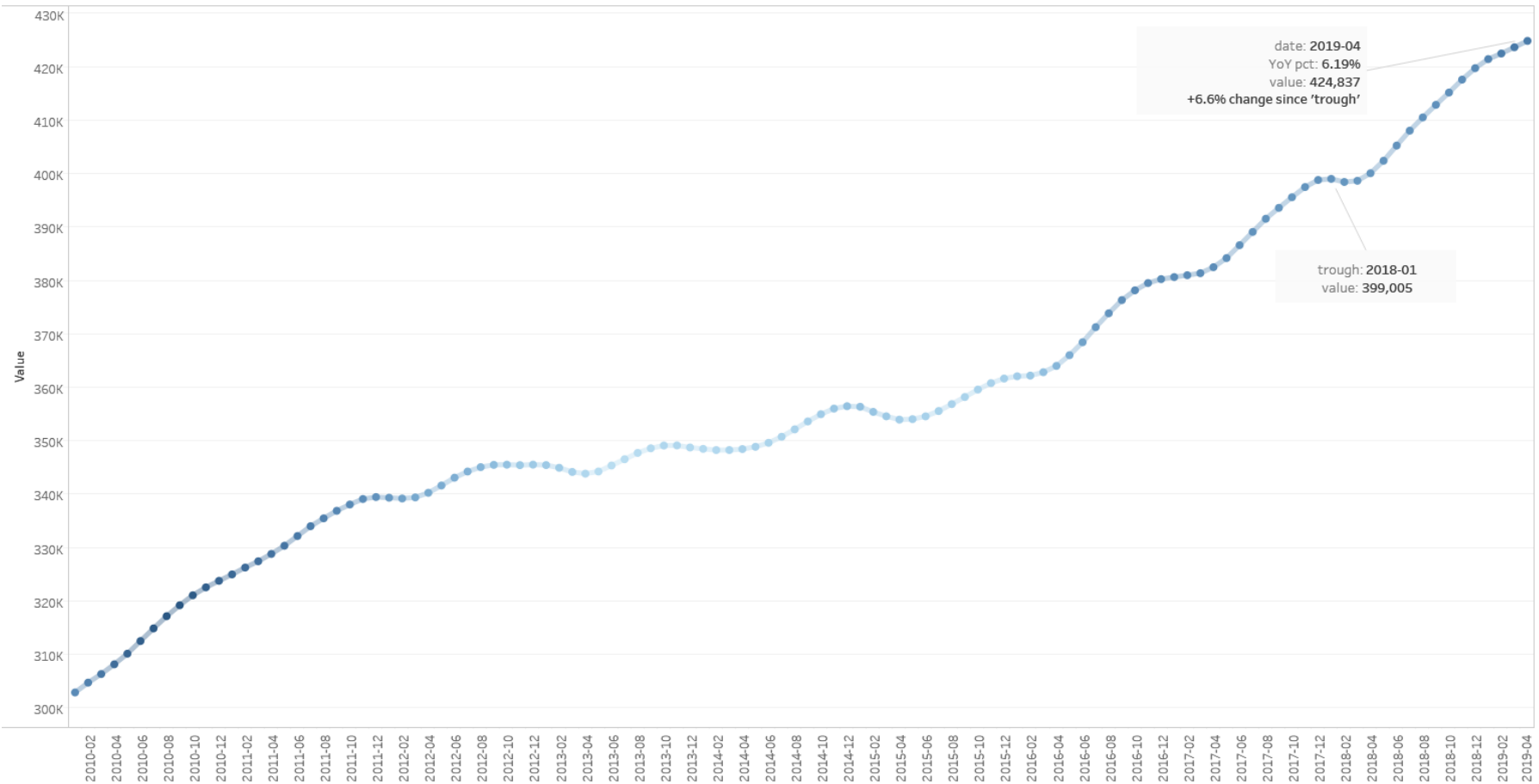


GVA April 2019 – Whole Market Affected



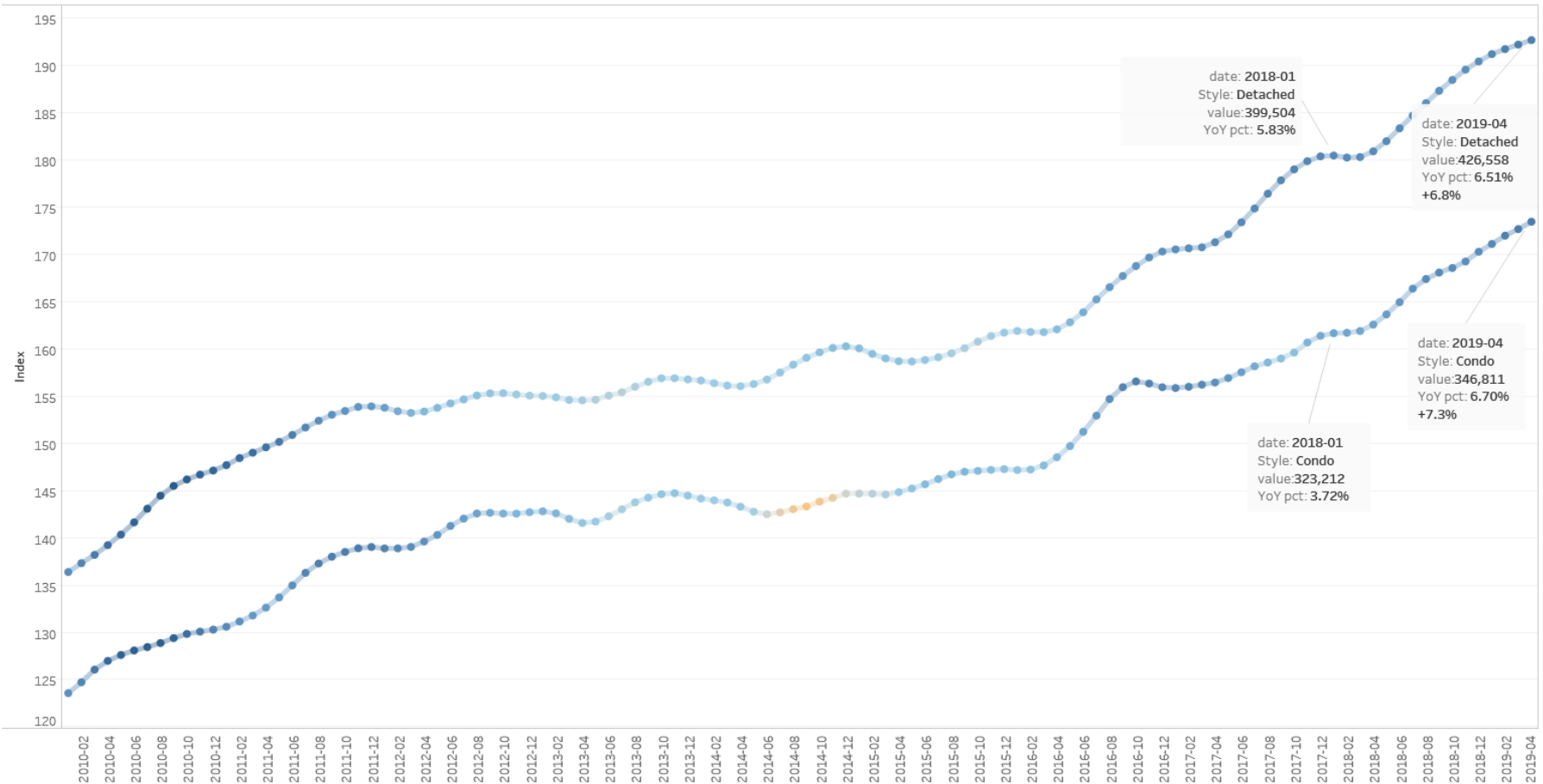
Montreal – Steady Growth

Montreal Aggregate Value



Montreal – Across Property Styles

Montreal Style



Questions

If you have a question, please type it in the Q&A box on your screen

MOODY'S ANALYTICS

United States
121 North Walnut Street
Suite 500
West Chester PA 19380
+1.610.235.5299

United Kingdom
One Canada Square
Canary Wharf
London E14 5FA
+44.20.7772.5454

Australia
Level 10
1 O'Connell Street
Sydney, NSW, 2000
Australia
+61.2.9270.8111

Czech Republic
Washingtonova 17
110 00 Prague 1
Czech Republic
+420.22.422.2929

Singapore
6 Shenton Way
#14-08 OUE Downtown 2
Singapore 068809
+65.6511.4400

© 2019 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MOODY'S PUBLICATIONS MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be reckless and inappropriate for retail investors to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.