



Neil Chrystal, President & CEO  
Polygon Homes Ltd.

# Market Chat

WINTER 2024

## Year in Review

2023 was a challenging year on many fronts. There was continuing global unrest with wars, climate crisis events, and economic uncertainty. Unfortunately, we live in a world full of conflicts that have had tragic outcomes for so many innocent people.

Meanwhile, the global economic challenges have also created a tough environment for us in the homebuilding industry. Rising costs of construction combined with sharp increases in municipal charges and borrowing costs has made it difficult to sell homes and keep businesses profitable. The irony is that demand for new housing remains incredibly strong, but the affordability crisis and high mortgage rates have pushed buyers to the sidelines.

On a more positive note, our team at Polygon is proud to have navigated this storm and is delighted to have the support of customers who purchased over 900 homes in 2023, and the confidence to start construction on over 1,400 more homes! We're optimistic and looking forward to the future.

## Looking Ahead

Real estate markets are cyclical with plenty of ups and downs. Our team's combined years of experience leads us to believe that we're now at the bottom of this difficult market and here's some of the reasons to support a positive outlook for the market to improve in 2024:

- **High Demand for Housing** – Despite recent slower sales, demand for housing in British

Columbia remains very strong. We experienced record levels of immigration in 2023 and that trend is likely to continue. British Columbia continues to be a desirable place to live, work and raise a family.

- **Supply is Coming** – The housing shortage has kept home prices high but with all three levels of government now focused on increasing supply, more homes will come to market, home prices will adjust favourably and we will find ourselves in a more balanced market.
- **Stabilization of Mortgage Rates** – The last couple of years have seen rising interest rates to combat inflation. With the economy showing signs of slowing, mortgage rates are expected to decline later this year. CMHC Insured five-year mortgage rates can be found as low as 4.79% but prospective homebuyers may want to consider a variable rate mortgage to hedge against future rate drops.
- **Dream of Homeownership is Alive** – Despite the challenging economic environment, people still value the benefits of homeownership. Not only are local rents extremely high today but there is often uncertainty about the tenure of rental homes. People greatly value the security, certainty, and long term appreciation that homeownership provides.
- **Help for First-time Homebuyers** – The possibility of homeownership is still daunting for first-time homebuyers. Many turn to the “Bank of Mom and Dad” to assist with this milestone purchase as the older generations

tap into the equity in their homes to help children get into the market.

However, there are lots of new tools available to help first-time buyers get started. Just last year, the federal government introduced the new tax-free First Home Savings Account. This registered savings account helps first-time homebuyers by allowing contributions of up to \$8,000 per year tax free! This new account can also be combined with the Home Buyer's Plan which allows withdrawals from your RRSP to buy your first home. Contact your bank or visit [www.canada.ca](http://www.canada.ca) for more details on these programs.

## Building with Purpose

At Polygon, we believe in building with purpose. Since 1980, we have been designing and building quality homes for British Columbians. With over four decades in business and over 34,000 homes completed, we've earned the trust of thousands of families by committing to quality design, sound construction and exceptional customer service.

We're excited about the year to come as our teams continue to work hard shaping new home communities throughout Metro Vancouver and the Fraser Valley. Our goal is to start construction on over 2,400 homes this year and we will be doing so with purpose and care, building quality homes of enduring value for our homeowners and providing a safe working environment for all our trades and staff.

Visit [polyhomes.com](http://polyhomes.com) today to learn more about our new home communities.

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