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REAL ESTATE IN VICTORIA...Keeping You Informed

Winter 2010

OUTLOOK 2010 - GUARDED OPTIMISM

THE NATIONAL PICTURE

It will be recalled that in the last half of 2008 there was a lot of doom and gloom headlines suggesting a U.S. style meltdown in the Canadian real estate market. We were in the midst of a financial crisis, threat of a global recession and even talk of a 1930s-style depression. Consumer confidence hit rock bottom. Many prospective buyers simply put their buying decisions on hold. As a result, sales plummeted and average sale prices trended down. Signs the real estate market was recovering became evident in early spring of 2009. Strengthening consumer confidence, signals the economic crisis was ending, low interest rates and a release of pent-up demand propelled sales and prices upward through the last three quarters of 2009.

Nationally, new listings of residential properties on the MLS® were down 12.6% from 2008 and sales were up 7.7%. The total dollar volume for MLS® residential sales was up 9.9% to \$139.67 billion in 2009. The sales-to-new-listings ratio (a measure of market strength) was .58 in 2009, up from .47 in 2008. The average sale price of residential properties was \$320,333 in 2009, up 5.5% from \$303,549 in 2008. Table 1 provides an analysis of 2009 MLS® residential sales for selected areas. The strongest price increases were in Montreal, Regina, Winnipeg, Quebec City and Newfoundland/Labrador, areas that all enjoy more moderately priced housing.

From a longer term perspective (i.e., 2000 to 2009), the average sale price of residential properties in Canada has increased some 81%. Cities with the largest percentage increases during this period include; Regina (158%), Edmonton (158%), Saskatoon (148%), Quebec City (133%), Winnipeg (133%), Calgary (119%), Montreal (117%) and Victoria (113%).

Most analysts are forecasting continued strength in the Canadian real estate market in 2010. According to the Canadian Real Estate Association's (CREA) forecast, residential MLS® sales are expected to rise 7% nationally in 2010, slightly below the record number of sales in 2007. CREA is forecasting average sales prices to increase by 4.7%. The Central Mortgage and Housing Corporation (CMHC) is forecasting that MLS® sales will increase modestly in 2010 and average sales prices will increase by 3.7%. The British Columbia Real Estate Association (BCREA) is forecasting that residential MLS® sales will increase by about 8% in British Columbia in 2010 and the average sale price will increase by about 4%.

TABLE 1: AN ANALYSIS OF SELECTED AREAS - 2009

City/Area	Avg Sale Price	Change	Sales-to-New-Listings Ratio
Vancouver	\$592,441	-0.2%	.66
Victoria	\$476,137	-1.8%	.65
Calgary	\$385,882	-4.8%	.60
Toronto	\$396,154	+4.3%	.66
Edmonton	\$320,378	-3.8%	.62
Ottawa	\$304,801	+4.8%	.67
Saskatoon	\$278,895	-3.1%	.59
Hamilton	\$290,946	+3.6%	.71
Durham	\$278,505	+2.2%	.69
Montreal	\$271,748	+5.3%	.60
Halifax/Dart.	\$239,158	+3.0%	.58
Regina	\$244,088	+6.3%	.60
Winnipeg	\$207,342	+5.3%	.74
Quebec City	\$210,374	+8.9%	.75
Nfld/Labrador	\$206,374	+15.6%	.59
National	\$320,333	+5.5%	.58

TABLE 2: STATISTICAL TRENDS - ALL RESIDENTIAL (Greater Victoria and Other Areas)

QUARTER-TO-QUARTER COMPARISONS			
	4 th Qtr 08	4 th Qtr 09	Change
New Listings	2,223	2,100	-123
Sales	780	1,664	+884
Avg. Sale Price	\$448,397	\$494,195	+\$45,798
Median Sale Price	\$416,500	\$442,000	+\$25,500
Ratio Sales-to-Listings	.35	.79	+.44
Avg Days to Sell	64	50	-14
Sale Price as % of Org List Price	95.5%	97.6%	+2.1%
Mortgages Rates (Posted 3 yr Fixed)	6.3%	4.48%	-1.82%

THE VICTORIA MARKET

The story of the Victoria real estate market in 2009 was one of "from gloom to boom." Sales remained fairly stagnant into the 1st Qtr of 2009 then sharply rebounded. New listings of residential properties in 2009 was 11,745, down 15.7% from 2008. Demand rose dramatically from 2008 levels and sales of residential properties through the VREB's MLS® totalled 7,660, up 24% from 2008. The value of residential sales through the VREB totalled **\$3.647 billion** in 2009, up from **\$2.981 billion** in 2008. Average sale prices bottomed in early 2009 and then trended up through the remainder of the year, reaching an average sale price of \$494,195 in the 4th Qtr. **The average sale price of a residential property for 2009 was \$476,137, down \$8,761 or -1.8% from \$484,898 in 2008. With a sales-to-new-listings ratio of .65 for the year, up from .44 in 2008, Victoria quickly shifted into a Seller's market through most of 2009.**

THE MARKET INVENTORY

With the growing demand, the inventory of properties for sale in 2009 ran well below the levels in 2008. There were 1,575 properties (including lots and acreage) active on the VREB's MLS® database for the Greater Victoria area on Jan 1, 2010, down 40% from Jan 1, 2009.

REAL ESTATE ACTIVITY

Table 3 presents an analysis of real estate activity for 2009 including: sales; the ratio of sales to listings; average sale prices and the percentage change in the average sale price over 2008.

Sales of SFDs in Greater Victoria totalled 4,117 in 2009, up 23% from 2008. **The average sale price of SFDs in 2009 was \$580,748, down \$2,953 or -0.5% from 2008.** The median sale price was **\$525,000** in 2009, unchanged from 2008. The average sale price bottomed in the 1st Qtr of 2009 and has trended higher since then. The average sale price was **\$615,337 in the 4th Qtr of 2009 (a new quarterly high).**

Condominium sales also rose in 2009 with total sales of 2,158, up 27.3% from 2008. **The average sale price for a condo was \$311,392 in 2009, down \$9,036 or 2.8% from in 2008.** The median sale price was **\$282,500**. Sale prices bottomed in the 1st Qtr of 2009 and have trended up over the past three quarters. The average sale price in the 4th Qtr was **\$327,692**.

Townhouse sales totalled 850 in 2009, up 37% from 2008. **The average selling price was \$429,753 up \$1002 or 0.23% from 2008.** The median sale price was **\$399,000**. The average sale price in the 4th Qtr was **\$456,695**.

MARKET OUTLOOK - VICTORIA

Forecasts are always fraught with uncertainty. Unless the economic recovery falters dramatically, the fundamentals point to a strong market over the near term. The momentum from the last half of 2009 is expected to be carried into 2010. Mortgage rates are expected to start to inch up by mid-year but should remain at attractive levels through 2010. Consumer confidence has rebounded. The population of Capital District is expected to continue to increase at a healthy level, having averaged 3900 per year over the past three years. Economic growth in B.C. is projected at 3% and expected to outpace the rest of the country. The demand for housing is expected to remain stable and the tight supply will likely put pressure on price appreciation. The issue of affordability will likely slow some of the first-time buyer activity. At the same time, there is likely to be an increase in activity in the move-up buyer market. Out-of-town buyers, particularly those from other parts of Canada are enjoying robust real estate markets. They are in a better position to move their real estate equity to Victoria. CMHC is forecasting that sales will increase some 2.1% and the average sale price of a residential property will increase by about 2.7% to \$487,000. The BCREA forecast is somewhat more optimistic, namely that residential sales will increase by 5% and the average price for a residential property will rise by 6%.

**TABLE 3 REAL ESTATE ACTIVITY - Greater Victoria
January 2009 to December 2009**

Single Family Dwellings

District*	Sales	Ratio	Avg Sale Price	% Chg
Victoria/VW	506	.80	\$551,270	-2.4
Oak Bay	252	.68	\$804,742	-7.4
Esquimalt	168	.83	\$476,009	-0.5
View Royal	125	.74	\$525,178	-2.8
Saanich East	851	.79	\$615,921	-2.0
Saanich West	409	.74	\$513,548	-3.1
Central Saanich	185	.69	\$587,472	-0.8
North Saanich	145	.58	\$708,936	-1.5
Sidney	152	.76	\$474,775	-0.1
Highlands	29	.56	\$667,923	+12.3
Colwood	244	.72	\$519,931	+2.3
Langford	573	.68	\$490,597	-2.2
Metchosin	44	.54	\$711,222	+16.5
Sooke	311	.55	\$402,123	-6.0
Waterfront	121	.38	\$1,313,621	+17.8
District Totals	4,117	.70	\$580,748	-0.5
(*District Avg Sales Prices exclude sales of "Waterfront")				
Malahat & Area	266	.52	\$469,525	-9.1
Gulf Islands	205	.48	\$528,984	-24.2
Condominiums	2,158	.63	\$311,392	-2.8
Townhouses	850	.72	\$429,753	+0.2