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REAL ESTATE IN VICTORIA...Keeping You Informed

Spring 2008

PRICES CONTINUE TO CLIMB

WHAT BUYERS SHOULD KNOW ABOUT BUYING “PRE-SALE” RESIDENTIAL UNITS...cont’d

In the Fall 2007 issue of this newsletter we discussed issues stemming from the cancellation of “pre-sale” contracts in the Riverside development in Coquitlam, BC. In the interim, there have been several reports of residential developments going into receivership. The following is a continuation of that discussion, focussing on other issues connected to pre-sale contracts.

Deposit: Deposit clauses can be complex. A buyer will want to determine who will be holding the deposit. Can the developer use the deposit monies to finance completion of the construction? Will the deposit earn interest to the benefit of the buyer? Are there any administrative fees?

Assignment: The buyer may wish to sell the property by “assigning” the pre-sale contract to another buyer prior to the closing date. Depending on the terms of the pre-sale contract, assignments may not be permissible, or only permissible with the agreement of the builder/developer and may require a substantial assignment fee to be paid by the buyer.

Substitution of Materials and Appliances: A pre-sale contract will typically contain a term that allows the builder developer to substitute materials such as flooring, carpeting, cabinetry as well as appliances if such substitution is deemed to be of equal or better quality.

Adjustments to Layout and Size: A pre-sale contract may contain a clause cast along the following lines, “...strata lot which will be constructed *substantially* in accordance with the plans and specifications...” In fact, some pre-sale contracts provide that the builder/developers can vary the design and even reduce the size, *perhaps up to 5%*, without any corresponding reduction in the purchase price.

As a consequence of the controversy surrounding the Riverside development, the BC Financial Institutions Commission now requires that additional information be included in Disclosure Statements.

First, the Disclosure Statement must: (1) include a copy of the developer’s “purchase agreement” as an exhibit; (2) describe the conditions for termination; (3) describe the provisions for extension and completion; (4) describe the provisions for assignment of the contract including any fees; and (5) describe any provisions regarding interest on the deposit monies. These provisions are to be included in **conspicuous type** on the cover page of the Disclosure Statement which is to be initialled by the Buyer. Second, disclosure will now be required on the developer’s background, experience, and any conflicts of interest that may affect the buyer.

All of this is designed to increase the buyer’s awareness of some of the risks associated with pre-sale contracts. It does not change the risks and uncertainties. More information can be located in the Real Estate Marketing Act at www.fic.gov.bc.ca.

TABLE 1: STATISTICAL TRENDS - ALL RESIDENTIAL (Greater Victoria and Other Areas)

QUARTER-TO-QUARTER COMPARISONS			
	1 st Qtr 07	1 st Qtr 08	Change
Properties Listed	3418	3836	+418
Sales	1860	1673	-187
Avg Sale Price	\$439,113	\$497,859	+\$58,746
Median Sale Price	\$395,000	\$447,000	+\$52,000
Ratio Sales Listings	.54	.44	-.10
Avg Days to Sell*	49	50	+1
Sale Price as % of List Price*	97.9%	98.0%	-0.3%
Mortgage Rates (Posted 3 yr Fixed)	6.5%	7.2%	+0.7%

THE VICTORIA MARKET

The strength of the real estate market in Victoria moderated somewhat in the 1st Qtr of 2008. There has been an increase in the number of residential properties listed and a slight decrease in the number of sales. However, sale prices continued to inch up. As shown in Table 1, the number of "residential properties" (i.e., all types of housing excluding lots/acreage and commercial) listed through the Victoria Real Estate Board's MLS® in the 1st Qtr of 2008 was 3836 up 12.2% from the 1st Qtr of 2007. Residential sales totalled 1673 down, 10.1% from the 1st Qtr of 2007. **The sales to new listings ratio was .44 in the 1st Qtr, which was somewhat weaker than .54 in the 1st Qtr of 2007; however, it should be remembered that 2007 started out particularly strong.**

Both average and median sale prices continue to increase. The average sale price of a residential property in Greater Victoria and other areas was **\$497,859 in the 1st Qtr of 2008**, up 13.4% from \$439,113 in the 1st Qtr of 2007. The median sale price was up a comparable percentage to \$447,000. The figure of \$497,859 compares with average residential sale prices of \$609,222 in Vancouver, \$412,119 in Calgary and \$378,571 in Toronto for the first two months of 2008.

THE MARKET INVENTORY

The inventory is increasing. There were 2731 properties (including lots and acreage) active on the Victoria Real Estate Board's MLS® database for the Greater Victoria area (i.e., excluding the Malahat, Up-Island and the Gulf Islands) on April 1, 2008, up some 23% from April 1, 2007. There has been a substantial increase in the number of condominiums and townhouses now available.

REAL ESTATE ACTIVITY

Table 2 presents an analysis of real estate activity in Greater Victoria for the 12 month period Apr 2007 to Mar 2008.

Sales of SFDs in Greater Victoria in the 1st Qtr of 2008 totalled 897, down slightly from 995 in the 1st Qtr of 2007. The average sale and median sale prices continued to climb in the 1st Qtr. **The average sale price of SFDs in the 1st Qtr of 2008 was \$596,283, up 12.0% from the 1st Qtr of 2007.** The median sale price was \$530,000, up 12.8% from the 1st Qtr of 2007. SFDs took an average of 36 days to sell in the 1st Qtr, compared to 41 days of last year. The sales to listings ratio was .50.

Condominium sales totalled 471 in the 1st Qtr of 2008, down from 563 in the 1st Qtr of 2007. Both average and median sale prices of condominiums continue to rise. **The average sale price for a condo was \$336,110 in the 1st Qtr of 2008, up 9% from \$308,241 in the 1st Qtr of 2007.** The median sale price was \$299,000. Condos took an average of 55 days to sell in the 1st Qtr of 2008, about the same as last year. The sales to listings ratio was .40.

Townhouse sales totalled 176 in the 1st Qtr of 2008 compared to 173 in the 1st Qtr of 2007. **The average selling price in the 1st Qtr of 2008 was \$436,414 up 15.2% from \$378,961 in the 1st Qtr of 2007.** The median sale price was \$400,900. Townhouses took an average of 48 days to sell in the 1st Qtr of 2008, up from 36 days last year. The sales to listings ratio was .47.

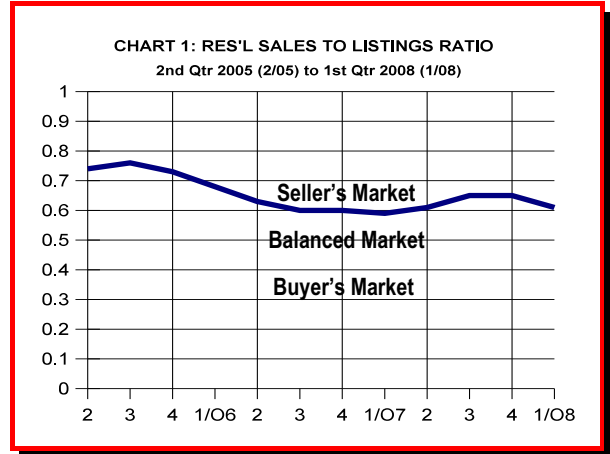


TABLE 2 REAL ESTATE ACTIVITY - Greater Victoria
April 2007 to March 2008

Single Family Dwellings

District*	Sales	Ratio	Avg. Sale Price	% Chg#
Victoria/VW	601	.71	\$544,317	+8.0
Oak Bay	223	.56	\$851,187	+13.7
Esquimalt	159	.74	\$448,269	+12.0
View Royal	121	.69	\$549,693	+15.2
Saanich East	908	.70	\$619,113	+12.0
Saanich West	493	.74	\$514,959	+11.2
Central Saanich	201	.62	\$577,703	+4.9
North Saanich	137	.53	\$734,400	+15.8
Sidney	161	.70	\$463,888	+7.4
Highlands	28	.42	\$702,586	+19.0
Colwood	256	.69	\$502,485	+11.1
Langford	521	.64	\$482,684	+14.2
Metchosin	52	.51	\$670,562	+4.4
Sooke	350	.60	\$413,633	+13.4
Waterfront	155	.45	\$1,212,434	+0.5
District Totals	4366	.65	\$579,742	+10.5
Malahat & Area	278	.67	\$457,838	+8.8
Gulf Islands	299	.56	\$559,065	+3.5
*District Avg. Sales Prices exclude sales of "Waterfront"				
Condominiums	2273	.57	\$324,071	+9.1
Townhouses	876	.64	\$418,353	+13.4
# year-over-year				

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