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REAL ESTATE IN VICTORIA...Keeping You Informed

Winter 2008

OUTLOOK REMAINS POSITIVE FOR 2008

THE NATIONAL PICTURE

Spurred on by strong consumer confidence, economic and job growth, it was a record making year for the real estate market in Canada. **The total dollar volume** for MLS® "residential" sales (*i.e., excluding lots/acreage and commercial properties*) in the major market survey by the Canadian Real Estate Association (CREA) **was \$118.34 billion in 2007, up 19.6% from \$98.95 billion in 2006.** The number of residential properties listed on the MLS® in the major market areas was 587,607 in 2007, up 4.6% from 2006. Residential sales totalled 362,934, up 7.9% from 2006. The sales to listings ratio (*a measure of market strength*) was .62 in 2007, a bit stronger than .60 in 2006.

Table 1 provides an analysis of 2007 MLS® "residential" sales for selected cities included in the CREA's major market survey. Nationally, the average sale price of residential properties was **\$326,055 in 2007, up 10.8% from \$294,270 in 2006.** The strength of the real estate market was broad based. All cities had an increase in average sale prices in 2007. The strongest price increases again were in western Canada, led by Winnipeg, Regina, Saskatoon, Calgary, Edmonton and Vancouver. *[Mind you, the cities of Winnipeg, Saskatoon and Regina are finally catching up to the recent gains in the rest of the country. Moreover, there is some evidence that the real estate markets in Edmonton and Calgary are beginning to cool].*

From a longer term perspective (*i.e., 2000 to 2007*), **the average sale price of residential properties in the major market areas has increased 84.5%.** Cities with the largest percentage increases during this seven year period include: Edmonton (170.2%), Calgary (152.2%), **Victoria (108.1%);** Saskatoon (106.8%) and Vancouver (92.9%).

Forecasts on the real estate market in Canada have not been very reliable. Market analysts forecast that the Canadian real estate market would "cool" for the past four years. This did not turn out to be the case.

Again, most analysts have a positive outlook and are forecasting a moderate slowing of the Canadian real estate market. For example, according to CREA's forecast, sales are expected to slow by about 2% nationally in 2008. The western and some of the Atlantic provinces are forecast to have slightly stronger real estate markets than those in central Canada. Nationally, housing prices are still expected to continue to climb in 2008, but at a more modest pace - about 5.5%.

TABLE 1: AN ANALYSIS OF SELECTED CITIES - 2007

City/Area	Avg. Sale Price	Change	Sales to Listings Ratio
Vancouver	\$570,795	+12.0%	.68
Victoria	\$466,037	+9.3%	.65
Calgary	\$414,066	+19.4%	.59
Toronto	\$377,029	+7.0%	.61
Edmonton	\$338,636	+35.0%	.50
Ottawa	\$273,058	+6.0%	.66
Hamilton	\$268,857	+8.1%	.73
Durham	\$265,620	+2.8%	.60
Montreal	\$229,902	+6.6%	.56
Saskatoon	\$232,754	+44.9%	.76
Halifax/Dart.	\$216,339	+6.5%	.71
Winnipeg	\$174,202	+12.7%	.85
Regina	\$165,613	+25.6%	.85
Quebec City	\$164,976	+11.1%	.65
Nfld/Lab.	\$149,258	+7.0%	.60
National	\$326,055	+10.8%	.62

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

QUARTER-TO-QUARTER COMPARISONS			
	4 th . Qtr 06	4 th . Qtr 07	Change
Properties Listed	2108	2299	+191
Sales	1463	1639	+176
Avg. Sale Price	\$440,853	\$480,462	+\$39,609
Median Sale Price	\$390,000	\$423,000	+\$33,000
Ratio Sales Listings	.69	.71	+0.02
Avg. Days to Sell*	54	52	-2
Sale Price as % of List Price*	97.3%	97.3%	n/c
Mortgages Rates (Posted 3 yr Fixed)	6.4%	7.6%	+1.2%

THE VICTORIA MARKET

In 2007, both the supply and demand for housing increased in the area covered by the Victoria Real Estate Board (VREB). The number of listings of residential properties was 12,840 up 4.7% from 12,280 listings in 2006. However, demand increased over 2006 levels. Sales of residential properties through the VREB's MLS® totalled 8403, up 12.3% from 7480 in 2006. The value of residential sales through the VREB totalled **\$3.904 billion** in 2007, up from **\$3.191 billion** in 2006, and nearly 4 times the **1.098 billion** in residential sales in 2000. Sale prices trended up through much of 2007 for all types of housing. **The average sale price of a residential property in 2007 was \$466,037, up \$39,335 or 9.2% from \$426,682 in 2006. With a sales to listings ratio of .65, up from .58 in 2006, Victoria moved back into a seller's market in 2007.**

THE MARKET INVENTORY

With the demand for housing outstripping supply, the inventory of properties for sale remained about the same level through 2007 as in 2006. There were 1733 properties (including lots and acreage) active on the VREB's MLS® database for the Greater Victoria area (i.e., excluding the Malahat, Up-Island and the Gulf Islands) on Jan 1, 2008, little changed from 1706 on Jan 1, 2007.

REAL ESTATE ACTIVITY

Table 3 presents an analysis of real estate activity for 2007 including: sales; the ratio of sales to listing; average sale prices and the percentage change in the average sale price over 2006.

Sales of SFDs in Greater Victoria totalled 4464 in 2007, up 11.4% from 2006. Both average and median sale prices continued to climb through 2007. **The average sale price of SFDs in 2007 was \$565,904, up \$44,444 or 8.5% from an average of \$521,460 in 2006.** The median sale price was **\$496,000**

Condominium sales also increased in 2007 with total sales of 2365, up 11.6% from 2006. **The average sale price for a condo was \$317,905 in 2007, up 11.1% from \$286,058 in 2006.** The median sale price was **\$274,000.**

Townhouse sales were also strong in 2007, totalling 873, up 28% from 2006. **The average selling price was \$406,905 up 11.2% from \$366,080 in 2006.** The median sale price was **\$374,900.**

MARKET OUTLOOK - VICTORIA

Real estate markets are largely driven by local economic conditions. The fundamentals point to a continuation of a strong real estate market. Economic growth in B.C. is projected to outpace the rest of the country. Victoria is expected to enjoy robust employment growth and a low unemployment rate. Strong economic performance has bolstered consumer confidence. The most recent census indicates that the annual average population growth in greater Victoria is increasing. The demand for housing is expected to remain stable and the supply will remain relatively tight. No dramatic change is anticipated in mortgage rates. The increase in prices and diminished affordability will likely dampen some of the first-time buyer activity. There is likely to be an increase in activity in both the "move-up" and the "move-down" buyer markets. Out-of-town buyers, particularly those from other parts of British Columbia and Alberta have recently experienced a significant appreciation in their housing values. They are now in a better position, if they so desire, to move their real estate equity to Victoria. **Taken together, these conditions suggest that the current market strength will continue into 2008. Sales will likely be about the same as 2007 and the rate of increase in sale prices will likely continue to gradually trend downward. (The CMHC and the BC Real Estate Association are forecasting a price increase of 6%).**

**TABLE 3 REAL ESTATE ACTIVITY - Greater Victoria
January 2007 to December 2007**

Single Family Dwellings				
District	Sales	Ratio	Avg Sale Price	% Chg
Victoria/VW	628	.72	\$529,243	+8.3
Oak Bay	226	.65	\$821,458	+7.3
Esquimalt	166	.80	\$423,464	+10.8
View Royal	137	.76	\$542,606	+14.2
Saanich East	910	.71	\$604,423	+11.1
Saanich West	497	.72	\$499,399	+11.1
Central Saanich	200	.64	\$574,989	+4.8
North Saanich	146	.58	\$719,049	+16.1
Sidney	177	.72	\$465,742	+9.7
Highlands	26	.40	\$693,388	+7.8
Colwood	257	.70	\$491,871	+10.0
Langford	534	.68	\$473,333	+15.5
Metchosin	55	.58	\$665,446	+5.7
Sooke	347	.52	\$399,623	+13.2
Waterfront	158	.47	\$1,236,945	-4.9
District Totals	4464	.68	\$565,904	+8.5
Malahat & Area	245	.60	\$484,829	+8.6
Gulf Islands	319	.57	\$561,838	+0.3
Condominiums	2365	.63	\$317,905	+11.1
Townhouses	873	.69	\$406,905	+11.2

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