

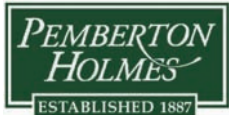
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**REAL ESTATE IN VICTORIA...Keeping You Informed**

**Summer 2006**

## PRICE INCREASES EASE

### "THE REAL ESTATE BUBBLE"

There has been much discussion, indeed media hype, on the notion of a "real estate bubble" in the United States and in Canada. The new chairman of the U.S. Federal Reserve Bank, Ben Bernanke, while not putting the idea to rest, offered the following observations on the housing market in the U.S. recently. It is "pretty clear" that the housing market is cooling off, but **it appears to be poised for a soft landing**. "In combination with rising interest rates, affordability is becoming much more difficult. And therefore, as you would expect, you are seeing some cooling in these markets ... We're seeing slowing in [housing] sales, slowing in starts. There are also signs that prices are not rising as quickly as they have been in the past few years. It looks to be a very orderly and moderate kind of cooling at this point." He added; "... the U.S. labour market is strong and incomes are rising."

*(The U.S. is probably somewhat ahead of Canada in terms of the current real estate cycle. But one would expect that the same situation will apply to Canada, i.e., a soft landing of the real estate market. Indeed, our economy is currently doing better than the U.S. economy)*

### THE REAL ESTATE MARKET IN CANADA

Perhaps surprising, given the predictions of a number of economists, **the real estate market continued on a record setting pace in the first part of 2006. Residential sales through the MLS® from January to the end of May in the Major Market areas were up 5% over the comparable period in 2005.** And, the average sale price of a residential property in the Major Market areas in the first five months of this year was **\$291,234, up 9.4% over the average for 2005.**

Not surprising, given the recent growth in the economies of the western provinces, momentum in the Canadian real estate market has shifted to such cities as Calgary, Vancouver, Edmonton and Winnipeg. As shown in Table 1, these cities have experienced a double digit percent increase in average sale prices with Calgary leading the charge.

At the same time, there has been a slow down in the real estate markets in many of the major cities in central Canada such as Toronto, Ottawa and Montreal, or at least an easing of price increases.

**TABLE 1: A COMPARISON OF SELECTED CITIES - January to May 2006**

Rank	City	Avg. Sale Price	%Change over 2005	Sales to Listings Ratio
1.	Vancouver	\$495,663	+16.4	.69
2.	<b>Victoria</b>	<b>\$418,116</b>	<b>+10.1</b>	<b>.59</b>
3.	Toronto	\$356,881	+6.2	.51
4.	Calgary	\$326,744	+30.3	.89
5.	Durham	\$259,223	+2.6	.47
6.	Ottawa	\$256,798	+3.4	.52
7.	Hamilton	\$248,060	+8.0	.68
8.	Edmonton	\$223,713	+15.4	.92
9.	Halifax/Darth.	\$217,615	+15.5	.57
10.	Montreal	\$211,809	+4.0	.54
11.	Saskatoon	\$156,056	+7.8	.66
12.	Winnipeg	\$154,243	+12.5	.73
13.	Quebec	\$147,090	+4.0	.62
14.	Nfld.	\$137,833	-2.4	.33
15.	Regina	\$132,378	+7.1	.61

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

QUARTER-TO-QUARTER COMPARISONS			
	2 <sup>nd</sup> . Qtr 05	2 <sup>nd</sup> . Qtr 06	Change
Properties Listed	3315	4073	+758
Sales	2514	2324	-190
Ave. Sale Price	\$379,825	\$428,147	+\$48,332
Median Sale Price	\$340,000	\$380,000	+\$40,000
Ratio Sales Listings	.76	.57	-.19
Ave. Days to Sell*	39	38	-1
Sale Price as % of List Price*	98.5%	98.3%	-0.2%
Mortgages Rates (Posted 3 yr Fixed)	5.36%	6.54%	+1.18%

**THE VICTORIA MARKET**

As shown in Table 2, sales of “residential properties” (i.e., all types of housing excluding lots/acreage and commercial) through the Victoria Real Estate Board’s MLS® eased marginally in the 2<sup>nd</sup>. Qtr. of 2006 compared to the same period last year. Sales of residential properties totalled 2324 in the 2<sup>nd</sup>. Qtr. of this year compared to 2514 in the 2<sup>nd</sup>. Qtr. of 2005. However, indicative of the overall health of the local market, the figure of 2324 is 15% higher than the 2017 sales in the 2<sup>nd</sup>. Qtr. of 2001. **The real estate market in Victoria continues to move towards a more balanced position with a sales to new listings ratio (a measure of market strength) of .57.** (A ratio of .57 means that for every 100 residential properties listed in the 2<sup>nd</sup>. Qtr. there were 57 sales in the same period). **Notwithstanding the trend towards a more balanced market and an easing of the upward pressure on sale prices, the average sale price of a residential property in Greater Victoria and other areas was \$428,147 in the 2<sup>nd</sup>. Qtr. of 2006,** up a very respectable 12.7% from \$379,825 in the 2<sup>nd</sup>. Qtr. Of 2005 and up 3.3% from an average of \$414,464 in the 1<sup>st</sup>. Qtr. of 2006.

**THE MARKET INVENTORY**

**The housing supply continues to edge up.** There were 2294 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 July 1, 2006, up some 45% from 1577 on July 1, 2005. **The supply of housing is now near the level of 2356 five years ago.**

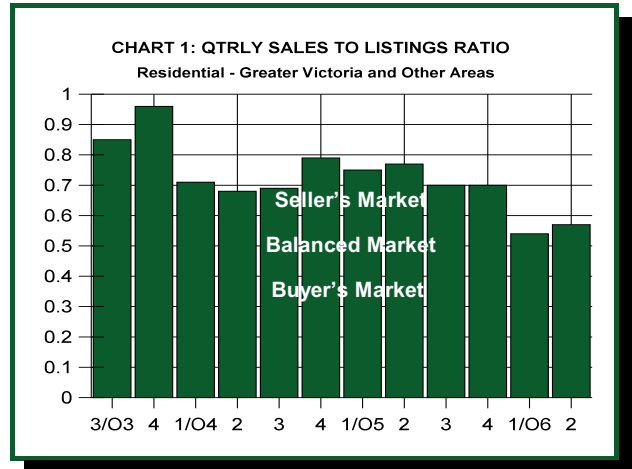
**REAL ESTATE ACTIVITY**

Table 3 presents an analysis of real estate activity in the Greater Victoria for the 12 month period April 2005 to March 2006.

Sales of SFDs in Greater Victoria in the 2<sup>nd</sup>. Qtr. of 2006 totalled 1285 down slightly from 1392 sales in the 2<sup>nd</sup>. Qtr. of 2005. **The average sale price of SFDs in the 2<sup>nd</sup>. Qtr. of 2006 was \$522,260 up marginally from \$519,489 in the 1<sup>st</sup>. Qtr but up a healthy 14.2% from an average of \$457,342 in the 2<sup>nd</sup>. Qtr. of 2005.** SFDs took an average of 33 days to sell in the 2<sup>nd</sup>. Qtr. of 2006. The ratio of sales to new listings in the 2<sup>nd</sup>. Qtr. was .61.

Condominium sales remained strong in the 2<sup>nd</sup>. Qtr. of 2006 with total sales of 635 - down a bit from 674 sales in the 2<sup>nd</sup>. Qtr. of 2005. **The average sale price for a condo was \$281,217 in the 2<sup>nd</sup>. Qtr. of 2006 up 13.9% from \$246,874 in the 2<sup>nd</sup>. Qtr. of 2005.** Condos took an average of 37 days to sell in the 2<sup>nd</sup>. Qtr. of 2006 and the sales to new listings ratio was .57.

Townhouse sales totalled 218 in the 2<sup>nd</sup>. Qtr. of 2006 down from 262 in the 2<sup>nd</sup>. Qtr. of 2005. **The average selling price was in the 2<sup>nd</sup>. Qtr. of 2006 was \$354,339 little changed from \$356,092 in the 2<sup>nd</sup>. Qtr. of 2005.** Townhouses took an average of 31 days to sell in the 2<sup>nd</sup>. Qtr. of 2006 and the sales to listings ratio was .67.



**TABLE 3**

**REAL ESTATE ACTIVITY**  
Greater Victoria  
July 2005 to June 2006

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**Single Family Dwellings**

District	Sales	Ratio	Avg Sale Price	% Chg*
Victoria/VW	589	.67	\$475,122	+18.1
Oak Bay	229	.62	\$764,099	+24.5
Esquimalt	166	.69	\$379,153	+15.9
View Royal	142	.63	\$463,267	+24.8
Saanich East	810	.64	\$526,407	+18.8
Saanich West	398	.65	\$434,523	+16.5
Central Saanich	180	.65	\$536,039	+22.1
North Saanich	134	.52	\$600,599	+13.1
Sidney	142	.63	\$414,172	+24.4
Highlands	17	.47	\$582,206	+14.0
Colwood	232	.62	\$413,244	+11.8
Langford	538	.65	\$396,082	+12.1
Metchosin	35	.47	\$595,871	+30.3
Sooke	319	.61	\$336,802	+14.3
Waterfront	154	.56	\$1,330,694	+40.1
<b>Totals</b>	<b>4095</b>	<b>.63</b>	<b>\$506,513</b>	<b>+19.1</b>

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<b>Condominiums</b>	<b>2165</b>	<b>.62</b>	<b>\$266,406</b>	<b>+10.3</b>
<b>Townhouses</b>	<b>746</b>	<b>.77</b>	<b>\$352,879</b>	<b>+8.1</b>

\* % change in Avg. Sale Price over preceding 12 month period

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