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REAL ESTATE IN VICTORIA...Keeping You Informed

Winter 2007

OUTLOOK 2007 - A BALANCED MARKET

THE NATIONAL PICTURE

Real estate sales in Canada showed surprising strength in 2006. **The total dollar volume** for MLS® "residential" sales (*i.e., excluding lots/acreage and commercial properties*) in the Major Market Statistical Survey by the Canadian Real Estate Association **was \$98.96 billion in 2006, up 10.6% from \$89.46 billion in 2005**. The number of residential properties listed on the MLS® in the major market areas was 561,699 in 2006, up 3.3% from 543,613 listings in 2005. Residential sales totalled 336,271, little changed from 336,071 in 2005. The sales to listings ratio (*a measure of market strength*) was .60 in 2006, a bit weaker than .63 in 2005.

Table 1 provides an analysis of 2006 MLS® residential sales for selected cities in the major market areas. Nationally, the average sale price of residential properties was **\$294,270 in 2006, up 10.5% from \$266,204 in 2005**. With the exception of Newfoundland/Labrador, all cities had an increase in average sale prices in 2006. *However, the 10.5% increase was largely attributable to real estate activity in western Canada, in particular Calgary, Edmonton and Vancouver which had extremely strong markets. In fact, if we strip these three cities from the calculations, the increase in the average sale price of residential properties would have been about 5%.*

From a longer term perspective (*i.e., 2000 to 2006*), the average sale price of residential properties in the major market areas has **increased 66.5%**. Cities with the largest percentage increases during this six year period include: Edmonton (100.2%), Calgary (96.1%), **Victoria (90.5%)**; Vancouver (72.1%) and Montreal (71.7%).

The consensus among analysts is that the Canadian real estate market will continue to slow and move into a decidedly balanced position in 2007. Similar to last year's forecast, they offer the following reasons: growth in the Canadian economy and job creation may slow but are expected to remain at healthy levels; the direction of mortgage rates is unclear but forecast to remain at attractive levels; the affordability of housing will deteriorate only modestly; demand is expected to dampen; and the supply of housing is expected to increase.

Nationally, sales are expected to slow in 2007. The western provinces are forecast to have stronger real estate markets than those in central and eastern Canada (*the markets in central Canada have already softened*). Housing prices are still expected to continue to increase in 2007, but at a more modest pace - likely in the 4% to 6% range.

TABLE 1: AN ANALYSIS OF SELECTED CITIES - 2006

City/Area	Avg. Sale Price	Change	Sales to Listings Ratio
Vancouver	\$509,876	+19.8%	.66
Victoria	\$426,567	+12.4%	.58
Toronto	\$352,388	+4.8%	.54
Calgary	\$346,675	+38.2%	.74
Durham	\$258,362	+2.3%	.51
Ottawa	\$257,481	+3.7%	.59
Edmonton	\$250,915	+29.4%	.87
Hamilton	\$248,754	+8.3%	.71
Montreal	\$215,659	+4.0%	.51
Halifax/Dart.	\$203,178	+11.9%	.61
Saskatoon	\$160,577	+10.9%	.74
Winnipeg	\$154,607	+12.6%	.76
Quebec City	\$148,657	+5.1%	.60
Nfld/Lab.	\$139,542	-1.2%	.49
Regina	\$131,851	+6.7%	.70
National	\$294,270	+10.5%	.60

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

QUARTER-TO-QUARTER COMPARISONS			
	4 th . Qtr 05	4 th . Qtr 06	Change
Properties Listed	2114	2108	-6
Sales	1414	1463	+49
Avg. Sale Price	\$400,175	\$440,853	+\$40,678
Median Sale Price	\$351,000	\$390,000	+\$39,000
Ratio Sales Listings	.67	.69	+0.02
Avg. Days to Sell*	45	54	+7
Sale Price as % of List Price*	97.3%	97.3%	n/c
Mortgages Rates (Posted 3 yr Fixed)	5.9%	6.4%	+0.5%

THE VICTORIA MARKET

In 2006, the supply of housing increased and demand eased in the area covered by the Victoria Real Estate Board (VREB). The number of listings of residential properties was 13,011 up 15.5% from 11,264 listings in 2005. Sales of residential properties through the VREB's MLS® eased in 2006. Sales totalled 7480, down 5.9% from 7947 in 2005. However, the figure of 7480 is still well above the 4902 sales in 2000. Residential sales through the VREB totalled **\$3.191 billion** in 2006, up from **\$3.017 billion** in 2005 and some 3 times the **1.098 billion** in 2000. **The average sale price of a residential property in 2006 was \$426,682, up \$46,996 or 12.4% from \$379,686 in 2005.** 2006 marked the fourth consecutive year with a double digit percentage increase in the annual average sale price. **As shown in Table 1, Victoria remains in solid 2nd. place in terms of the average sale price of residential properties in the cities included in the major market areas. With a sales to listings ratio of .58, down from .71 in 2005, Victoria experienced a much more balanced market in 2006.**

THE MARKET INVENTORY

With the demand for housing running slightly below the 2005 levels, the inventory of properties for sale increased in the past year. There were 1706 properties (including lots and acreage) active on the VREB's database for the Greater Victoria area (i.e., excluding the Malahat, Up-Island and the Gulf Islands) on Jan 1, 2007, up markedly from 1265 on Jan 1, 2006, but still well below the 2017 properties on the market on Jan 1, 2000.

REAL ESTATE ACTIVITY

Table 3 presents an analysis of real estate activity for 2006 including: the number of sales; the ratio of sales to listing; average sale prices and the percentage change in the average sale price over 2005.

Sales of SFDs in Greater Victoria totalled 4008 in 2006, down from 4214 in 2005. Both average and median sale prices levelled off through 2006. **The average sale price of SFDs in 2006 was \$521,460, up \$58,061 or 12.5% from an average of \$463,399 in 2005.** The median sale price was **\$443,000** in 2006.

Condominium sales remained steady in 2006 with total sales of 2140 down slightly from 2279 sales in 2005. **The average sale price for a condo was \$286,058 in 2006, up 13.7% from \$251,655 in 2005.** The median sale price was **\$245,000.**

Townhouse sales also eased in 2006, totalling 681, down from 808 in 2005. **The average selling price was \$366,080 up 6.0% from \$345,095 in 2005.** The median sale price was **\$340,000.**

MARKET OUTLOOK - VICTORIA

Forecasts are always fraught with uncertainty. The fundamentals point to a continuing healthy market in both the short and longer terms. Mortgage rates are forecast remain at attractive levels through 2007. Economic growth on B.C. is projected to outpace the rest of the country. Victoria enjoys an unemployment rate around 4%, one of the best in Canada. The demand for housing is expected to remain stable and the supply will likely inch up. Diminished 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 British Columbia and Alberta have experienced a significant appreciation in their housing values in the past year. They are now in a better position to move their real estate equity to Victoria. **The Victoria market will likely be balanced in 2007, sales will likely be about the same as 2006 and sale prices will remain stable.**

**TABLE 3 REAL ESTATE ACTIVITY - Greater Victoria
January 2006 to December 2006**

Single Family Dwellings

District	Sales	Ratio	Avg Sale Price	% Chg
Victoria/VW	552	.62	\$488,518	+10.3
Oak Bay	230	.59	\$765,785	+13.5
Esquimalt	169	.69	\$390,434	+9.8
View Royal	139	.72	\$475,988	+15.2
Saanich East	799	.63	\$543,924	+11.6
Saanich West	393	.61	\$449,609	+10.6
Central Saanich	187	.61	\$548,705	+12.8
North Saanich	125	.51	\$619,528	+7.6
Sidney	130	.60	\$424,446	+17.6
Highlands	14	.42	\$643,250	+23.2
Colwood	245	.65	\$447,210	+16.8
Langford	526	.64	\$409,703	+9.2
Metchosin	35	.45	\$629,774	+15.6
Sooke	300	.58	\$352,978	+10.6
Waterfront	154	.47	\$1,301,019	+19.2
District Totals	4008	.61	\$521,460	+12.5
Malahat & Area	275	.60	\$447,954	+19.1
Gulf Islands	230	.48	\$524,020	+6.8
Condominiums	2140	.58	\$286,058	+13.7
Townhouses	681	.69	\$366,080	+6.0

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