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

Fall 2017

UPWARD PRESSURE ON PRICES EASE

THE EVOLVING NATURE OF HOUSING IN VICTORIA

The scale of residential building construction underway around the Capital Regional District (CRD) these days is striking. This is most evident in the downtown core of Victoria where there seems to be a new high-rise under construction in virtually every block. In the suburbs, there are numerous single family and multi-family developments in progress. The CRD hasn't witnessed this pace of development for over a decade.

2017 marks the first time that the percentage of sales of "strata" properties (i.e., strata duplexes, townhouses and condominiums), surpassed sales of Detached Single Family Dwellings (DSFDs). Chart 1 shows the percentage of sales by property type since 1997. There are two discernable trends. First, sales of DSFDs have fallen from 63.3% in 1997 to 49.2% in 2017 y-t-d. Second, sales of condos have risen from 22.3% in 1997 to 36.1% in 2017 y-t-d. The percentage of sales of strata duplexes and townhouses has shown little change.

A significant factor underlying these trends is an economic one. The average sale price of DSFDs in greater Victoria in 2017 y-t-d was \$874,991. This figure is beyond the reach of many buyers. It compares to average sale prices of \$579,339 for a strata duplex, \$538,924 for a townhouse and \$414,731 for a condo. A major reason for this price differential is the value of "land" in the CRD. Assessment data reveals that, on average, some 66% of the value of DSFDs is the "land". "Improvements" (i.e. buildings) constitute only 34% of the value of the property.

Demographics is also an important factor. One of the long term trends in Canadian society has been the decrease in household size. In Victoria, a full 70% of the 162,715 private dwellings consist of one or two person households. Furthermore, 2016 census figures for Victoria indicate that "millennials" constitute some 20% of the population. In many instances, strata properties are the entry-level home of choice of millennials for either life-style and/or affordability reasons. At the other end of the age spectrum are seniors. Persons over 65 years of age constitute 21% of the population of Victoria, and strata properties appeal to those looking to downsize and/or the convenience of condo ownership. These two age cohorts are important drivers of the Victoria real estate market.

Finally, public policy initiatives in the CRD are promoting increased densification which, in turn, supports the development of strata properties.

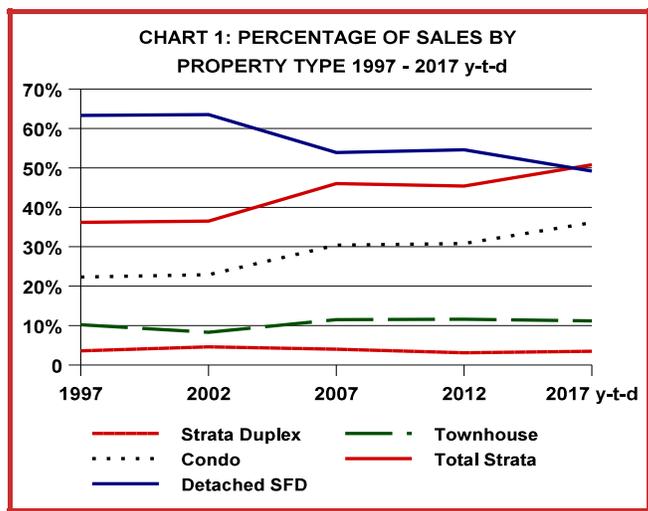


TABLE 1: STATISTICAL TRENDS - ALL RESIDENTIAL (Greater Victoria and Other Areas)

QUARTER-TO-QUARTER COMPARISONS			
	3 rd Qtr 16	3 rd Qtr 17	Change
New Listings	2,985	2,908	-77
Sales	2,479	2,046	-433
Avg Sale Price	\$580,461	\$654,046	+\$73,585
Median Sale Price	\$496,000	\$575,000	+\$79,000
Ratio Sales Listings	.83	.70	-.13
Avg Days to Sell	35	26	-9
Sale Price as % of Org List Price	99.9%	99.9%	n/c
Mortgage Rates (Posted 3 yr Fixed BoC)	3.39%	3.39%	n/c

THE VICTORIA MARKET

The frenzied pace that marked the Victoria real estate market in 2016 has slowed. The upward pressure on prices has eased in the 3rd Qtr of 2017. On the supply side, the number of listings was down marginally from the same period last year. On the demand side there was a decrease in the number of sales. The ratio of sales-to-listings (a measure of market strength) was down from last year. However, Victoria still remains a solid seller's market. Sale prices were up significantly from a year ago. However, with the exception of condos, prices have either levelled off or are down slightly from the 2nd Qtr of 2017. Properties continued to sell relatively quickly. Multiple offer situations are not uncommon, and there was a lot of competition for homes in the moderate price range. The number of new listings through the Victoria Real Estate Board's (VREB's) MLS® was 2,908, down slightly from 2,985 in the 3rd Qtr of 2016. Sales of residential properties (i.e., all types of housing excluding lots/acreage and commercial) totalled 2,046 in the 3rd Qtr of 2017, down -17.5% from 2,479 sales in the 3rd Qtr of 2016. The sales-to-new-listings ratio was .71 in the 3rd Qtr of 2017, down from .83 a year ago. Both average and median sale prices were higher. **The average sale price of a residential property in Greater Victoria and other areas was \$654,046 in the 3rd Qtr of 2017**, up +12.7% from \$580,416 in the 3rd Qtr of 2016. The median sale price was \$580,000, up +16.9% from \$496,000 last year. The figure of \$654,046 compares to August 2017 average residential sale prices and percentage changes of \$982,454 (+17.9%) in Vancouver, \$732,292 (+3.2%) in Toronto, \$689,700 (+11.9%) in the Fraser Valley and \$461,083 (+1.0%) in Calgary.

Table 2 summarizes real estate activity over the past twelve months and shows the percentage change in average sale prices.

REAL ESTATE ACTIVITY 3RD QTR 2017

Sales of SFDs in Greater Victoria in the 3rd Qtr of 2017 totalled 975 down -20.0% from 1,219 sales in the 3rd Qtr of 2016. **The average sale price of SFDs in the 3rd Qtr of 2017 was \$860,047, up +12.9% from an average of \$761,718 in the 3rd Qtr of 2016.** The median sale price was \$760,000, up 15.2% from \$660,000 in the 3rd Qtr of 2016. (Note: 194 SFDs, some 20%, sold for more than \$1 million). SFDs that sold in the 3rd Qtr of 2017 were on the market for an average of 29 days, little changed from 27 days last year. The sales-to-listings ratio was .64 in the 3rd Qtr of 2017, down from .82 last year.

Condominium sales remained strong in the 3rd Qtr of 2017 with sales of 660, down from 736 sales in the 3rd Qtr of 2016. **The average sale price for a condo was \$432,159 in the 3rd Qtr of 2017, up 20.3% from \$359,176 in the 3rd Qtr of 2016.** The median sale price was \$378,000, up 21.9% from \$310,000 last year. Condos took an average of 22 days to sell in the 3rd Qtr of 2017, down from 28 days last year. The sales-to-listings ratio was .77, compared to .91 last year.

Townhouse sales were also strong in the 3rd Qtr of 2017 with sales of 209, down marginally from 221 sales in the 3rd Qtr of 2016. **The average selling price in the 3rd Qtr of 2017 was \$539,615, up +14.3% from \$472,292 in the 3rd Qtr of 2016.** The median sale price was \$497,000, up +15.6% from \$430,000 last year. Townhouses took an average of 20 days to sell in the 3rd Qtr of 2017, compared to 30 days last year. The sales-to-listings ratio was .74, down from .82 last year.

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TABLE 2: REAL ESTATE ACTIVITY - Greater Victoria
October 2016 to September 2017

Single Family Dwellings

District*	Sales	Ratio	Avg Sale Price	% Chg**
Victoria/VW	458	.72	\$888,990	+17.2
Oak Bay	239	.80	\$1,425,436	+15.3
Esquimalt	114	.74	\$653,392	+10.9
View Royal	97	.71	\$675,136	+13.4
Saanich East	781	.70	\$963,123	+18.1
Saanich West	341	.68	\$779,446	+19.9
Central Saanich	186	.74	\$836,453	+5.7
North Saanich	148	.63	\$1,009,836	+21.3
Sidney	148	.67	\$697,042	+23.5
Highlands	42	.75	\$839,322	+1.3
Colwood	220	.78	\$651,049	+12.4
Langford	744	.80	\$660,040	+17.9
Metchosin	66	.69	\$821,602	+17.8
Sooke	396	.83	\$494,778	+13.9
Waterfront	133	.52	\$1,851,118	+15.9
Totals	4,113	.72	\$846,126	+15.4
Gulf Islands	293	.76	\$648,016	+14.4
Malahat & Area	345	.74	\$596,962	+14.5

*District Avg Sales Prices exclude sales of "Waterfront"

Condominiums	2,749	.83	\$407,396	+17.8
Townhouses	858	.84	\$533,588	+13.3

** Percentage Change over period Oct 2015 to Sep 2016

CHART 2: QUARTERLY SALE PRICES
4th Qtr 2014 (4/14) to 3rd Qtr 2017 (4/17)

