

Lower Mainland markets balance out

Activity not the same as last quarter of 2009, but it's still a strong, healthy market: real estate board president

BY DERRICK PENNER, VANCOUVER SUN MARCH 3, 2010

Lower Mainland real estate markets were busier in February than realtors expected, considering the distraction of the Olympic Games.

Reports from the region's major real estate boards also indicate that what had been sellers' markets eased into a balanced state or even buyers' markets. Metro Vancouver's key real estate board recorded 2,473 sales in February, nearly 30-per-cent higher than January and dramatically higher than the 1,480 sales seen in February a year ago.

Metro Vancouver's market slid solidly into balanced territory in February for the first time since last spring, when considering sales both as a proportion of new February listings and as a proportion of overall inventory, Robyn Adamache, a senior market analyst for Canada Mortgage and Housing Corp, said in an interview.

With an inventory of 11,346 unsold homes in February, the proportion of sales compared with total listings puts Metro Vancouver into balanced-market territory.

"The number of sales [in February], on a seasonally adjusted basis, trended lower," Adamache said. "That would be the second month we've seen that."

Real Estate Board of Greater Vancouver president Scott Russell characterized the overall market as "healthy."

"We're not seeing the [same] activity as we were in the last quarter of 2009, but it's still a strong market," Russell said in an interview.

While some realtors looked at factors such as changes aimed at tightening mortgage-qualification rules and the impending harmonized sales tax having an influence on sales, Russell sees still-low mortgage rates as the market's driving force. "Long-term [loans] are still relatively inexpensive, and that's certainly still a key factor."

In February, the benchmark price of a detached home in Metro Vancouver, an average for the typical homes sold, hit \$800,796, a 1.5-per-cent jump from January and a 22.5-percent increase from the same month a year ago.

The benchmark price on townhouses was \$495,496 in February, up 16 per cent from a year ago, and the apartment condominium benchmark was \$390,899, up 17 per cent from a year ago.

The Fraser Valley Real Estate Board recorded 1,204 sales through the Multiple Listing Service in February, a 23-percent increase from January and 77-per-cent higher than 2009's dismal second

month. Board president Deanna Horn surmised that impending changes to mortgage rules and new taxes helped boost those numbers.

"Buyers are aware of two key changes that could [affect] their purchasing ability," Horn said in a statement, referring to the mortgage changes and the HST.

In the Fraser Valley, more sellers entered the market with homeowners listing 2,879 homes for sale during February, an average of 144 per day, a 14-per-cent increase from January and 77-per-cent higher than February 2009.

Inventory of unsold homes in the Fraser Valley in February stood at 8,485 units, a 12-percent decrease from February a year ago.

However, with the number of sales equalling just 14 per cent of the total inventory of homes available, the Fraser Valley board estimated the market remained in buyers' territory with little upward pressure on prices.

"Overall, we've seen modest price gains for the last three months," Horn said. "The benchmark price for all residential types combined increased less than one per cent from January to February."

The benchmark price for detached houses, an average for typical homes sold in the Fraser Valley, hit \$508,136 in February, up 11.3 per cent from the same month a year ago.

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FINDING THE BALANCE

After a fourth-quarter frenzy in 2009, sales in the Lower Mainland's real estate markets in February reached balanced conditions based on the number of sales compared with inventory levels. Here are monthly sales inventory figures compared with a year ago:

Real Estate Board of Greater Vancouver

Sales: 2,473 +67% New listings: 4,606 +18% Active listings: 11,346 -21%

Fraser Valley Real Estate Board

Sales: 1,204 +77%

New listings: 2,879 +22% Active listings: 8,485 -12%

Source: Real Estate Board of Greater Vancouver, Fraser Valley Real Estate Board.