

Record-shattering year for Lower Mainland real estate

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The string of best-sales months reported by Lower Mainland realtors in 2005 adds up to a record-shattering year in real estate, with some 61,812 properties changing hands across the region from Whistler to Mission.

The Real Estate Board of Greater Vancouver reported Wednesday that it cracked the 40,000 transaction mark for the first time ever in 2005, recording 40,530 sales, which was 10.8 per cent higher than the number of transactions in 2004 and also beat 2003, the board's next best year at 37,816 sales, by 7.2 per cent.

Sales of condominium apartments were up 6.5 per cent to 17,061, the board said in a news release, while detached home sales were up 12.8 per cent to 16,665, and townhomes were up 17.5 per cent at 6,804.

Average prices in Greater Vancouver in December hit \$627,451 for a single-family home, a 16.9-per-cent rise from a year ago. Townhomes were up 26.6 per cent at an average of \$401,476, and apartment prices reached \$309,679, a 17.7-per-cent rise.

The Fraser Valley Real Estate Board recorded 21,282 sales in 2005, which was 17 per cent above last year and some 3.3 per cent higher than 1992, the next best year for sales in the valley.

Year-over-year, prices in the Fraser Valley rose 17.5 per cent for the average single family home, which hit \$410,246, 17.8 per cent for the average townhouse, which reached \$259,348 and 15.4 per cent on apartments, which reached \$168,465.

The results were no surprise for forecasters, who foresaw that 2005 would end with record sales.

Cameron Muir, housing market analyst for Canada Mortgage and Housing Corp., said the Lower Mainland is still in the midst of its longest cycle in the last 25 years, and will probably last into 2007 driven by the province's improved economy marked by strong labour demand, record low unemployment and rising wages.

Muir said the current cycle started in the winter of 2001 when mortgage interest rates began their drop to record low levels and released the market's "pent-up demand."

"We're now in the second wave of housing demand," Muir added, which is driven by the economic fundamentals of better employment and higher wages.

"We may not set any more records in terms of sales and price gains, but we see continued rising prices and continued strong sales," Muir said.

"Eventually, we will see a waning of sales and housing prices before the next cycle begins," he added. However, a market crash similar to what B.C. experienced in 1982 when prices plummeted 40 per cent in a matter of months "is just not in the cards."

Muir noted that the upward pressure on prices has eased a little bit. The 11 to 15 per cent increases he saw in prices over 2005 were less than year-to-year increases in 2004, and he is forecasting that prices will rise by between nine and 11 per cent in 2006.

Georges Pahud, president of the Greater Vancouver Real Estate Board, said rising prices do raise some concerns about the affordability of housing, but he noted that 64 per cent of transactions in 2005 were made at prices below Greater Vancouver's overall average price of \$427,469.

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