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Realtors attribute dip in detached-home prices to seasonal slump

Derrick Penner
Vancouver Sun

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The latest housing market statistics show the average Fraser Valley house price has declined for the second month in a row, reaching \$511,176 in November.

That price is the lowest for detached homes since March, reported the Fraser Valley Real Estate Board.

Realtors look at the shift as nothing more than a seasonal slump, and economists are uncomfortable calling it a price trend other than to say it follows evidence of the market slipping into equilibrium.

"You never want to read too much into any one month," said Tsur Somerville, director of urban economics and real estate at the University of B.C.'s Sauder School of Business.

"[But] clearly there is a pattern here that suggests things in the Fraser Valley have started to slow down, just because of lower price increases, declining sales and rising listings."

The average house price appears to have peaked in September, when it reached \$535,572, after rising from \$494,177 in January.

Somerville added he's wary of making bold statements about trends from looking only at average prices, because the quality of homes sold from month to month can vary widely in a region as large as the Fraser Valley.

"They have a large geography, and have areas like Crescent Beach that are very different from Whalley," he said.

The Fraser Valley Real Estate Board is made up of the communities south of the Fraser River from North Delta and Surrey to Mission.

An average Fraser Valley house at \$511,176 in November was still 4.9 per cent higher than the \$487,392 average price a year earlier, but Somerville added the year-over-year price growth has slowed considerably.

Richard Sam, a market analyst with Canada Mortgage and Housing Corp., said that while the overall Fraser Valley price slipped, pockets saw rising prices.

"Traditionally, sales do tend to slow in the fall and winter," Sam said, "and because of that, too, you see a bit of price slippage, as well."

Sam said that looking at his statistics, he counted a similar month to month decline in average house prices between September and November of 2006, as well.



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competition between municipalities, with sales up better than those in Mission,

The preferences of buyers took like they're shifting, as well, Sam added, with more multi-family developments being built in Surrey.

"I think people are changing their expectations," Sam said, with people realizing that if they want to get into the market they'll have to buy a townhouse or condominium.

Overall, Sam said the region's economy is strong, although job growth in the Fraser Valley might be slowing somewhat as the high Canadian dollar continues to hurt manufacturing exports and retail trade.

Jim McCaughan, president of the Fraser Valley Real Estate Board, said he believes the price decline represents nothing more than a seasonal slowdown.

He added average prices have risen and dropped from month to month a few times in 2007.

And while White Rock experienced the biggest month-to-month drop in November, falling 16.3 per cent to \$726,774, North Delta's average house price rose four per cent to hit its highest price ever at \$508,433.

Canada Mortgage and Housing Corp. doesn't do a market forecast for the entire Fraser Valley, McCaughan added, but it does compile one for the Abbotsford census area, which calls for 10-per-cent price growth in 2008.

"That means that while the market is going to fluctuate, at the end of the year you're going to have increases," he said. "The fact that we have an up and down [price] graph to get there has gone on forever."

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AVERAGE PRICE CHANGE FROM OCTOBER TO NOVEMBER 2007 FOR A SINGLE-FAMILY DETACHED HOME

SURREY -2.1%

WHITE ROCK -16.3%

LANGLEY -1.3%

ABBOTSFORD -0.1%

MISSION -6.1%

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