



Homebuyers get a break as B.C. house prices flatten

Just don't hold your breath for a steal of a deal, experts say

Gillian Shaw
Vancouver Sun

Wednesday, July 16, 2008

While British Columbia bucked a trend that saw Canadian home prices fall for the first time this decade, the province's real estate market is squarely in the buyer's court with inventory up and the volume of sales dropping by 36 per cent in June compared to the same period last year.

Despite B.C.'s strong economy that has so far helped it stay ahead in the real estate market, buyers here can expect to see prices flatten or even decline slightly, according to Cameron Muir, chief economist for the B.C. Real Estate Association.

But if you're waiting to pick up a Vancouver home at rock-bottom prices, you'll be disappointed.

"We don't expect to see a substantial price correction," said Muir. "It is perfectly reasonable to expect home prices will stay fairly flat or even decline a couple of per cent a year until affordability picks up."

The average selling price of a Canadian home in June was down 0.4 per cent from a year earlier at \$341,096, the Canadian Real Estate Association reported Tuesday, the first year-over-year monthly decline in prices since January 1999.

Meanwhile, sales of existing homes in the first half of this year were down more than 13 per cent from a year earlier, while the number being put on the market hit an all-time high.

B.C. numbers being released today show that the province has largely dodged the price rollback, with the average B.C. residential price for June up 3.9 per cent from the same month last year, to \$463,458.

For the first six months of the year, seasonally adjusted unit sales for the province were down almost 22 per cent to 42,907 units, while the average price was up 9.6 per cent to \$473,536 compared to the first six months of 2007.

"We certainly see a large increase in the number of listings out there," said Muir. "In June, the number of active listings was almost 54-per-cent higher than it was a year ago."

"In Greater Vancouver, it is 53-per-cent higher."

Muir said market conditions favour the buyer in all parts of the province except for Victoria and northeastern B.C.

Elsewhere, worried consumers are putting the brakes on big purchases.

"Obviously, market forces have realigned," Muir said. "Eroding affordability is certainly having an impact, but more importantly I think weaker consumer confidence is having an impact, not only on the real estate market, but we are seeing it in car sales as well."

"Many households are putting off those major purchases because of eroding confidence, as well as perceptions of risk going forward."

Rising costs for basic items are also impacting household budgets, Muir said.

"There is some concern about the economy being weaker," he said. "Inflationary concerns around gas and food prices have households re-evaluating their monthly budgets. That doesn't bode well for large purchases."

The eroding confidence, combined with economic woes south of the border and a drop in the number of Alberta buyers as the housing market there has already cooled, are putting downward pressure on real estate prices.

"We see demand coming off its record levels and we are seeing inventory levels beginning to swell," Muir said. "Some home sellers are going to need to sharpen their pencils in terms of pricing; no longer can you price your home in relation to the accelerating market conditions of the past and expect to sell it in a reasonable period of time."

"With little upward pressure on home prices, the market now is tilted in favour of home buyers instead of sellers. In B.C. and Vancouver, it is a buyer's market."

Muir said recreational real estate purchases are also feeling the pressure as potential buyers find the equity in their homes not climbing as fast as in the past.

gshaw@png.canwest.com

BRITISH COLUMBIA

Average home price in June: \$463,458 up 3.9% from a year earlier

Number of listings in Vancouver in June up 53% from a year earlier

Number of homes sold in B.C. in the first half of 2008

42,907 down 22% compared to the first six months of 2007 Average price

\$473,536 up 9.6%

Canada

Average home price in June: \$341,096 down 0.4% from a year earlier

© The Vancouver Sun 2008

CLOSE WINDOW

Copyright © 2008 CanWest Interactive, a division of [CanWest MediaWorks Publications, Inc.](#). All rights reserved.
CanWest Interactive, a division of [CanWest MediaWorks Publications, Inc.](#). All rights reserved.