

# Housing market surging in Vancouver area, Re/Max says

'From White Rock to Vancouver, radiating out to the Fraser Valley, bidding wars are breaking out'

BY BRIAN MORTON, VANCOUVER SUN JULY 13, 2009



The RE/MAX Market Recovery Report maintains that pent-up demand has bolstered sales in Greater Vancouver and that the 2010 Olympics and the completion of the Canada Line will further push demand.

**Photograph by:** Reuters files, .

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VANCOUVER — A new report suggests a housing recovery is underway in key Canadian markets, with Metro Vancouver and Toronto leading the way.

“Growing consumer confidence levels have prompted a serious upswing in home-buying activity in the Greater Vancouver Area, with sales in June (4,259, up 75.6 per cent from the same time last year) the second highest on record for the local real estate board,” according to the Re/Max Market Recovery Report released on Monday.

“From White Rock to Vancouver, radiating out to the Fraser Valley, bidding wars are breaking out on well-priced product. In Kitsilano, an estimated 50 per cent of housing is selling in multiple offers.”

Derek Thorvaldson, Re/Max assistant regional director, said in an interview the real estate organization started seeing a noticeable rise in buyer confidence in March.

“It was led by first-time buyers,” he said. “Prices were down, interest rates were down. That really stabilized home prices. Since then, buyers have realized that prices were firming and interest rates went up.”

“They [buyers] started moving in waves.”

However, Thorvaldson added that prices are still down from the same time last year, and that “we’re still cautious [because] the recovery is slow.”

The report maintains that pent-up demand has bolstered sales in Metro Vancouver, and that the 2010 Olympics and the completion of the Canada Line will further push demand. “Home buying activity, as a result, is forecast to continue at a healthy pace for the remainder of the year, with year-end sales slightly ahead of 2008 levels,” the report said.

Helmut Pastrick, chief economist, Central 1 Credit Union, said in an interview that housing sales in Metro — largely due to lower interest rates — have been moving up since January, and that he expects the trend to continue. He also said that sales are not just being driven by first-time homebuyers.

“There will be some temporary setbacks, but I think the worst of the housing market is behind us.”

Pastrick also said that prices are moving up. “We’ve seen three monthly increases now for the Lower Mainland in general. I think the market will do well in the coming months. Prices should also continue to rise.”

According to the Re/Max report, the surge in resale activity can be attributed to three key factors: pent-up demand, low interest rates, and greater affordability.

“The combination — in conjunction with declining inventory levels — has created heated market conditions in hot-pocket neighbourhoods, prompting a resurgence in multiple offers in June,” the report said. “Average prices are holding steady or climbing, days on market are down, and inventory levels continue to tighten, especially at entry-level price points.”

The report stated that while average price is still significantly lower than a year ago, declining inventory levels have been placing greater upward pressure on values.

“First-time buyers are driving freehold housing sales at the \$600,000 price point, while those looking at more affordable alternatives are considering condominiums starting at substantially less,” the report said. “Pent-up demand has also been building, with local purchasers and international investors both active in the market.”

Elsewhere, the Re/Max report noted that 11,000 homes changed hands in Toronto in June, up 27 per cent from a year ago.

Meanwhile, an RBC Economics report released last week said that while housing affordability has improved significantly in B.C. during the first three months of the year, it's still well above the national average.

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It noted that Canadians, on average, need to pay 39.4 per cent of pre-tax income to service the purchase of a detached bungalow, compared to 59 per cent in B.C. and 62.6 per cent in Vancouver.

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