

FOR IMMEDIATE RELEASE

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Sales Return to Seasonal Norms in January

NANAIMO, BC – Coming off the busiest December on record, sales in the VIREB area returned to seasonally normal levels in January.

Last month, 290 single-family homes sold on the Multiple Listing Service® (MLS®) System compared to 327 in December and 244 one year ago. The number of apartments changing hands in January rose by 65 per cent while townhouse sales remained static from the previous year.

Inventory of single-family homes dropped to 749 in January, a 16 per cent decrease from one year ago and a new low for the VIREB area. The supply of apartments and townhouses dipped by 19 per cent and 30 per cent, respectively.

The British Columbia Real Estate Association (BCREA) notes that the housing market in B.C. is still thriving due to the province's strong economy. However, some economic headwinds in the form of higher interest rates and Guideline B-20 – also known as the mortgage stress test – are forecast for 2018. BCREA expects economic growth in the province to slow this year, expanding at a respectable 2.8 per cent, but lower than we have seen in some time. Rising interest rates will erode affordability for some home buyers, and Guideline B-20 could reduce the purchasing power of conventional mortgagors by up to 20 per cent.

However, demographics in the VIREB area could temper the effect of Guideline B-20 because many of our buyers are retirees who do not usually carry mortgages. Vancouver Island communities, particularly the Parksville-Qualicum area, have some of the highest concentrations of seniors in the province.

Don McClintock, 2018 VIREB President, reports that the VIREB area remains a sellers' market. Consumers are still highly motivated to buy a home, and multiple offers are commonplace, especially for properties in the \$400,000 to \$500,000 range. He stresses that connecting with a local REALTOR® is especially crucial in a competitive housing market.

"My advice to prospective sellers is to contact a REALTOR® to list their home now and not wait until spring," says McClintock. "Prices are still rising, but that cannot continue indefinitely. At some point, buyers will begin bowing out of the market due to affordability issues."

McClintock adds that new construction is underway throughout Vancouver Island, with some housing units expected to complete in 2018. This development is good news for prospective home buyers but could temper rising home prices and move the market toward more balanced conditions, which would impact sellers.

In January 2018, the benchmark price of a single-family home in the VIREB area reached \$471,200, up 17 per cent from one year ago. (Benchmark pricing tracks the value of a typical home in the reported area.) The benchmark price of an apartment last month rose to \$288,400, up 27 per cent board-wide from the previous year, while the benchmark price of a townhouse hit \$376,200, a 25 per cent increase from January 2017.

Last month, the benchmark price of a single-family home in the Campbell River area hit \$379,600, an increase of 22 per cent from the previous January. In the Comox Valley, the benchmark price was \$463,700, up 17 per cent from last year and down slightly from December 2017. Duncan reported a benchmark price of \$418,600, an increase of 15 per cent compared to January 2017. Nanaimo's benchmark price rose 19 per cent to \$514,400 while the Parksville-Qualicum area saw its benchmark price increase by 14 per cent to \$519,700 from one year ago and dip slightly from December 2017. The cost of a benchmark home in Port Alberni reached \$259,100, up 20 per cent from one year ago.

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ABOUT VIREB

VIREB represents over 1,000 REALTOR® members in nearly 90 member offices on Vancouver Island (north of Victoria).

VIREB cautions that average price information can be useful in establishing trends over time, but does not indicate the actual prices in centres comprised of widely divergent neighbourhoods or account for price differential between geographic areas.

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