

FOR IMMEDIATE RELEASE
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Mortgage Stress Test Taking a Toll on Housing Sales

NANAIMO, BC – The mortgage stress test, also known as Guideline B-20, is taking a toll on housing sales throughout the province, and Vancouver Island is no exception. Sales of single-family homes in January dropped by 28 per cent from one year ago, albeit they did rise by 23 per cent from December 2018.

Last month, 209 single-family homes sold on the Multiple Listing Service® (MLS®) System compared to 170 in December and 290 one year ago. Apartment sales were 20 per cent lower than in January 2018, while 34 townhouses sold last month compared to 33 the previous year.

Inventory of single-family homes in January rose by 32 per cent from one year ago (987 compared to 748) and was nearly five per cent higher than in December. Active listings of apartments climbed by 38 per cent (219 to 303) year over year and townhouses by 60 per cent (103 to 165).

The 2018 housing market behaved as expected, moderating after the record-setting pace set in 2016 and 2017. Guideline B-20 eroded the purchasing power of some prospective home buyers by as much as 20 per cent.

Despite lower demand, however, year-over-year benchmark prices of single-family homes continue to rise board-wide, up around nine per cent from January 2018. Price increases in individual markets ranged from five per cent in Nanaimo to 17 per cent in Port Alberni. Modest month-over-month price reductions occurred in Campbell River, the Comox Valley, and Parksville-Qualicum while prices in Duncan, Nanaimo, and Port Alberni increased slightly from December 2018. The year-over-year benchmark prices of apartments and townhouses board-wide increased by 11 and 10 per cent, respectively.

VIREB's housing market has transitioned from one favouring sellers to one that is balanced or near balanced. On the street, REALTORS® are reporting fewer multiple offers, with many buyers taking more of a wait-and-see approach. Some are waiting until spring in the hope that inventory goes up and prices come down. Balanced markets offer buyers more choice and more room to negotiate, while sellers may need to curb their expectations.

"Right now, many sellers still want to list their homes at 2016 and 2017 sale prices, and that just isn't realistic," says 2019 president Kaye Broens. "When fewer buyers are competing for a property, sellers need to be far more strategic, which is why the advice of a local REALTOR® is so crucial. We'll conduct a comparative marketing analysis using recent sales data to determine an optimal selling price for your home."

The benchmark price of a single-family home board-wide was \$504,500 in January, a nine per cent increase from one year ago but a slight drop from December. (Benchmark pricing tracks the value of a typical home in the reported area.) In the apartment category, the benchmark price climbed to \$318,800, up 11 per cent from last year and slightly less than in December. The benchmark price of a townhouse hit \$407,600 last month, up 10 per cent over January 2018 but down slightly from December.

Last month, the benchmark price of a single-family home in the Campbell River area hit \$412,300, an increase of 12 per cent over January 2018. In the Comox Valley, the benchmark price reached \$498,000, up nine per cent from last January. Duncan reported a benchmark price of \$469,400, up 10 per cent from January 2018. Nanaimo's benchmark price rose five per cent to \$541,700 while the Parksville-Qualicum area saw its benchmark price increase by 12 per cent to \$579,800. The cost of a benchmark single-family home in Port Alberni reached \$302,700 in January, up 17 per cent from one year ago.

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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