

FOR IMMEDIATE RELEASE

March 1, 2018

Buoyant Sellers' Market Continues

NANAIMO, BC – Last month, 316 single-family homes sold on the Multiple Listing Service® (MLS®) System compared to 288 in January and 345 one year ago. The number of apartments changing hands in February rose by 28 per cent while townhouse sales decreased by four per cent.

There were 812 single-family homes for sale in February compared to 749 in January and 947 one year ago. The supply of apartments and townhouses also rose slightly from 2017, up three per cent and five per cent, respectively. These modest inventory increases are welcome, but since new listings are snapped up so quickly, this additional supply will not move the VIREB market out of sellers' territory.

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, BCREA forecasts some economic headwinds for 2018. It appears that Guideline B-20 – also known as the mortgage stress test – lay behind December's uptick in sales as buyers scrambled to purchase before its January 1 implementation. Other risk factors include rising interest rates and new taxes introduced by the provincial government in the latest B.C. budget.

Broadening the scope of the Foreign Buyer Tax to include the Regional District of Nanaimo (RDN) will not have a significant impact on the VIREB housing market. Only 4.4 per cent of RDN residential real estate transactions in 2017 involved foreign buyers. More troubling is the new speculation tax, which targets homeowners who do not pay income tax in B.C., including those who leave their homes empty but still contribute heftily to the economy.

Kaye Broens, VIREB President-Elect, believes the speculation tax is well-intended, but the government is focusing on the wrong side of the housing equation.

"Instead of increasing supply, the B.C. government is concentrating on dampening demand," says Broens. "Vancouver Island is a popular destination for retirees, many of whom come from Alberta, and the speculation tax could discourage many of those buyers."

A more effective solution for combatting rising house prices is to increase supply, which includes streamlining the approval process for developers, adds Broens.

On a local level, buyer demand and limited supply have created a buoyant sellers' market in the VIREB area. Multiple offers are commonplace, especially for properties in the \$400,000 to \$500,000 range. She stresses that it is a great time to sell.

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

In February 2018, the benchmark price of a single-family home in the VIREB area reached \$483,400, up 19 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 \$293,900, up 29 per cent board-wide from the previous year, while the benchmark price of a townhouse hit \$376,900, a 22 per cent increase from February 2017.

Last month, the benchmark price of a single-family home in the Campbell River area hit \$392,700, an increase of 23 per cent over February 2017. In the Comox Valley, the benchmark price was \$476,700, up 18 per cent from last year. Duncan reported a benchmark price of \$419,000, an increase of 15 per cent compared to February 2017. Nanaimo's benchmark price rose 18 per cent to \$524,400 while the Parksville-Qualicum area saw its benchmark price increase by 19 per cent to \$540,400. The cost of a benchmark home in Port Alberni reached \$270,500, up 25 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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