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Sales Down From 2017 But Prices Still Rising Due to Limited Inventory

NANAIMO, BC – Sales of single-family homes, apartments, and townhouses in the VIREB area dipped or remained static in March 2018, likely due to a combination of government policy changes, stricter mortgage qualification rules, and consumer uncertainty surrounding new provincial taxes.

Last month, 399 single-family homes sold on the Multiple Listing Service® (MLS®) System compared to 316 in February and 482 one year ago. The number of apartments changing hands in March decreased by 23 per cent while year-over-year townhouse sales remained static. There were 979 single-family homes for sale in March compared to 812 in February and 1,023 one year ago. The supply of apartments decreased in March, down 12 per cent from one year ago, but townhouse inventory rose by 30 per cent.

The British Columbia Real Estate Association (BCREA) reports that housing sales in most B.C. jurisdictions are down compared to last year. Guideline B-20 and uncertainty surrounding new provincial taxes appear to be taking their toll on sales.

Broadening the scope of the Foreign Buyer Tax to include the Regional District of Nanaimo (RDN) should 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 imposed on the RDN, which targets homeowners who do not pay income tax in B.C.

While the provincial government did introduce exemptions for Parksville, Qualicum Beach, and the Gulf Islands, the speculation tax will still be applied in Nanaimo and Lantzville. Some REALTORS® have reported that out-of-province buyers are feeling unwelcome and postponing their home purchases for now. Whether this outcome is short-lived or a longer-term trend is uncertain.

Don McClintock, 2018 VIREB President, believes the speculation tax is a well-meaning attempt to make housing more affordable. However, while uncertainty about the tax is contributing to weaker sales this year, prices continue to rise due to a persistent lack of inventory.

“Instead of increasing supply, the B.C. government is concentrating on dampening demand,” says McClintock. “We feel that a better solution is to add more inventory, which includes streamlining the approval process for developers.”

On a local level, it is still a sellers’ market in the VIREB area. Properties in the \$300,000 to \$500,000 range are “flying off the shelf,” and multiple offers are still the norm on reasonably priced homes.

“For sellers, properly pricing your home is still an important factor in our area,” says McClintock. “Buyers are savvy, and overpriced homes take longer to sell.”

Connecting with a local REALTOR is especially crucial in a competitive housing market, adds McClintock.

In March 2018, the benchmark price of a single-family home in the VIREB area reached \$490,100, 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 \$297,600, up 25 per cent board-wide from the previous year, while the benchmark price of a townhouse hit \$385,600, a 24 per cent increase from March 2017.

Last month, the benchmark price of a single-family home in the Campbell River area climbed to \$401,500, an increase of 24 per cent over March 2017. In the Comox Valley, the benchmark price was \$475,600, up 17 per cent from last year. Duncan reported a benchmark price of \$426,900, an increase of 17 per cent compared to March 2017. Nanaimo's benchmark price rose 17 per cent to \$528,900 while the Parksville-Qualicum area saw its benchmark price increase by 20 per cent to \$554,400. The cost of a benchmark home in Port Alberni reached \$276,600, up 27 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).

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