

FOR IMMEDIATE RELEASE

June 1, 2018

Single-Family Benchmark Price Surpasses \$500,000 in May

NANAIMO, BC – The benchmark price of a single-family home in the VIREB area broke the \$500,000 mark in May, rising to \$507,700, a 17 per cent increase from one year ago. Sales of single-family homes were down 17 per cent from last year but posted a month-over-month increase of nine per cent.

Last month, 520 single-family homes sold on the Multiple Listing Service® (MLS®) System compared to 476 in April and 630 one year ago. The number of apartments and townhouses changing hands in May dropped by six per cent and 11 per cent, respectively.

VIREB's inventory of single-family homes continues to climb, rising from 749 in January 2018 to 1,215 in May. The supply of apartments dropped slightly last month, down six per cent from one year ago, but townhouse inventory rose significantly.

In its *2018 Second-Quarter Housing Forecast*, the British Columbia Real Estate Association (BCREA) anticipates that MLS® residential sales in the province will decline by nine per cent to 94,200 units this year from 103,700 in 2017.

"B.C. housing markets have benefited from the provincial economy expanding well above trend growth over the past four years," says BCREA chief economist Cameron Muir. "However, economic growth is expected to slow and reflect the long-term average this year."

Housing demand in the VIREB area shifted lower in the first four months of 2018 as stricter mortgage qualifications for conventional borrowers took their toll on household purchasing power and affordability. Other economic headwinds that could dampen demand include higher interest rates and new provincial taxes. However, the attractiveness of Vancouver Island to retirees and millennials is expected to mitigate their impact somewhat.

Despite lower sales thus far in 2018, lack of inventory continues to tilt the market in favour of sellers and push prices upwards. The pace of these increases could slow somewhat if demand keeps declining, but it is unlikely that prices will drop until additional inventory enters the market by way of new construction.

"Housing starts are up on Vancouver Island, particularly in Nanaimo, so there is some relief on the horizon," says Janice Stromar, 2018 Past President. "However, in the multi-family category, the time between conception and completion can take several years, which doesn't help people looking to buy now."

Since limited inventory is keeping the VIREB area in a sellers' market, competition for homes – especially in the \$300,000 to \$500,000 range – means buyers and sellers should strongly consider using a REALTOR®, says Stromar.

"As experienced professionals, we can help streamline the buying and selling process to ensure the best possible outcome while reducing associated risks," says Stromar.

As noted above, the benchmark price of a single-family home in the VIREB area reached \$507,700 in May, a 17 per cent increase 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 \$314,000, up 25 per cent board-wide from the previous year, while the benchmark price of a townhouse hit \$397,100, an 18 per cent increase from May 2017.

Last month, the benchmark price of a single-family home in the Campbell River area climbed to \$417,500, an increase of 20 per cent over May 2017. In the Comox Valley, the benchmark price reached \$500,500, up 17 per cent from last year. Duncan reported a benchmark price of \$450,700, an increase of 15 per cent compared to May 2017. Nanaimo's benchmark price rose 14 per cent to \$538,500 while the Parksville-Qualicum area saw its benchmark price increase by 17 per cent to \$575,000. The cost of a benchmark home in Port Alberni reached \$294,900, 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).

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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