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Inventory Levels Drop to Historic Low in August

NANAIMO, BC – Inventory levels of single-family homes in the VIREB area dropped to a historic low in August, dipping to 1,394, a 38 per cent decrease from one year ago and down from July's 1,577 available listings. The last time inventory was this low occurred in 2005 when the supply of single-family homes for sale dropped to 1,629 units. VIREB began tracking inventory levels in 1999.

Other market segments are also seeing reduced inventory. Active listings of apartments dropped to 391 last month from 641 in August 2015, a decrease of 39 per cent. Townhouse inventory declined by 32 per cent from one year ago.

In August 2016, 624 single-family homes sold on the MLS® System compared to 439 last August, an increase of 42 per cent. Month over month, sales of single-family homes rose slightly from July, which saw 605 unit sales. Apartment sales also increased significantly from one year ago, with 118 units selling last month, an 87 per cent increase from the 63 units sold in August 2015. More townhouses sold last month as well: 63 compared to 54 in August 2015, an increase of 17 per cent.

Robust housing sales throughout the province, particularly in the southern half, continue to be driven by a solid economic foundation consisting of consumer confidence, strong retail sales, and employment growth of three per cent. With GDP sitting at 3.5 per cent, British Columbia's economy is leading the country.

Although a moderating trend in activity and prices is occurring in the Vancouver market, that slowdown is not affecting the VIREB area thus far. Market conditions in Vancouver and throughout the Lower Mainland appear to be experiencing some backlash from the Foreign Buyer Tax introduced at the beginning of August, although prices have not dropped significantly. Sales have taken a hit, yet it is too early to determine whether this is a temporary cooling in sales activity or indicative of a larger trend.

"Sales are beginning to normalize in the Vancouver marketplace, but we don't anticipate a significant correction any time soon," says Cameron Muir, BCREA Chief Economist. "The typical moderating trend seen after months of hectic activity might have been accelerated slightly by the Foreign Buyer Tax, but we just don't know yet. We can predict many things, but not the psychology of consumers."

Limited inventory continues to be a challenge for buyers and REALTORS® in the VIREB area, with multiple offers on accurately priced homes continuing to be the norm rather than the exception. Margo Hoffman, 2016 VIREB President, is encouraging potential home sellers to take advantage of these market conditions.

"With the number of single-family homes for sale dropping to 1,394 last month, a historic low, it's clear that home sellers are in the driver's seat," says Hoffman. "But sellers' markets don't last forever, so if you're thinking of selling your home, now is the time."

Hoffman adds that in a competitive housing market, connecting with a local REALTOR® is crucial to ensure you develop a winning strategy for buying or selling your home.

In August 2016, the benchmark price of a single-family home in the VIREB area was \$384,000, up 13.23 per cent from one year ago. Prices increased in every zone, ranging from nine per cent in Port Alberni to 16 per cent in Nanaimo and 17 per cent in the Parksville-Qualicum area. The benchmark price of an apartment rose approximately 15 per cent board-wide, with Duncan and Parksville-Qualicum reporting 25 and 23 per cent increases, respectively. The townhouse market also strengthened, as seen in the benchmark price increasing by 10.63 per cent.

The August 2016 benchmark price of a single-family home in the Campbell River area was \$304,200, an increase of 10.41 per cent over August 2015. In the Comox Valley, the benchmark price was \$380,200, up 12 per cent from 2015. Duncan reported a benchmark price of \$333,800, an increase of 11.30 per cent compared to August 2015. Nanaimo's benchmark price rose 15.80 per cent to \$413,500 while the Parksville-Qualicum area saw its benchmark price rise by 17 per cent to \$443,500. The price of a benchmark home in Port Alberni was \$209,500, up nine per cent from one year ago.

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ABOUT VIREB

VIREB represents around 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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