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VIREB Posts the Strongest December on Record

NANAIMO, BC – The Vancouver Island Real Estate Board (VIREB) reports that on a seasonally adjusted basis, the board had its busiest December on record, with 667 housing units changing hands last month.

Sales of single-family homes increased by 35 per cent from December 2016. Annually, 5,612 single-family homes sold on the Multiple Listing Service® (MLS®) System in 2017 compared to 6,059 the previous year, a decrease of seven per cent. However, this reduction reflects the market returning to more normal levels from the unprecedented sales activity generated in 2016.

Inventory of single-family homes dropped to 762 in December, the lowest recorded since VIREB began tracking inventory in 1999. The supply of apartments and townhouses dipped by 13 per cent and 33 per cent, respectively. Diminishing housing supply and high consumer demand are driving rising benchmark prices of single-family homes, apartments, and townhouses in all markets.

The British Columbia Real Estate Association (BCREA) notes that the housing market in B.C. is thriving due to strong economic fundamentals, such as robust retail sales, job growth, and population growth. BCREA's *Fourth Quarter Housing Forecast* states that the provincial economy is on track to expand by 3.8 per cent in 2017, the fourth consecutive year of three per cent or more real GDP growth. The cumulative effect has fuelled employment growth to its strongest performance in almost 20 years, with the provincial jobless rate at its lowest level in nearly a decade.

However, while provincial economic conditions appear to be on a sound footing, BCREA expects economic growth to slow in 2018, expanding at a respectable 2.8 per cent, but lower than we have seen in some time. The province's housing market will face additional economic headwinds in 2018, with rising interest rates eroding affordability and Guideline B-20 making it harder for some buyers to qualify for a mortgage.

Janice Stromar, 2017 VIREB President, notes that VIREB'S record December shows that consumers are still highly motivated to buy a home, but she encourages sellers to list their property now before mitigating economic factors have an impact on housing activity.

"My advice to prospective sellers is not to delay listing their home until the spring," says Stromar. "The VIREB area has been a sellers' market for a long time, but we know that it cannot continue indefinitely."

That said, since the current VIREB market still favours sellers, connecting with a local REALTOR® is especially crucial in a competitive housing market.

"REALTORS have specialized knowledge of their communities that can help streamline the buying and selling process to ensure the best possible outcome for our clients," says Stromar.

In December 2017, the benchmark price of a single-family home in the VIREB area reached \$466,400, up 17 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 \$284,400, up 28 per cent board-wide from the previous year, while the benchmark price of a townhouse hit \$370,700, a 23 per cent increase from December 2016.

The December 2017 benchmark price of a single-family home in the Campbell River area was \$375,100, an increase of 20 per cent over December 2016. In the Comox Valley, the benchmark price hit \$467,400, up 19 per cent from last year. Duncan reported a benchmark price of \$418,000, an increase of 16 per cent compared to December 2016. Nanaimo's benchmark price rose 17 per cent to \$500,500 while the Parksville-Qualicum area saw its benchmark price increase by 16 per cent to \$524,900. The cost of a benchmark home in Port Alberni was \$249,800, up 16 per cent from one year ago.

- 30 -

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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