

## **FOR IMMEDIATE RELEASE**

**July 4, 2018**

### **Home Sales Cooling But Prices Still Rising**

NANAIMO, BC – Last month, 444 single-family homes sold on the Multiple Listing Service® (MLS®) System compared to 518 in May and 617 one year ago. The number of apartments changing hands last month dropped by 21 per cent, but in the townhouse category, sales increased by 26 per cent.

Housing demand in the VIREB area has shifted lower in the first half of 2018 as stricter mortgage qualifications for conventional borrowers and rising interest rates took their toll on household purchasing power and affordability. It is unclear whether the June slowdown is reflective of seasonal summer market conditions or if demand-side policy changes are finally beginning to play a larger role in VIREB's housing market.

Despite lower sales thus far in 2018, lack of inventory continues to tilt the market in favour of sellers and push prices upwards. The number of single-family homes for sale has been slowly increasing, hitting 1,336 in June, up only three per cent from May but a significant increase from the 749 properties available in January. The supply of townhouses rose by 33 per cent from one year ago, but many of the listings behind these modest inventory gains in both property types are being quickly snapped up by buyers.

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."

On a local level, BCREA predicts that over the next eight months, VIREB's long-term sellers' market will begin shifting towards more balanced conditions. Further, the pace of price increases will slow if demand keeps declining, but it is unlikely that prices will drop until additional inventory enters the market by way of new construction or buyer appetite decreases drastically.

In the meantime, competition for homes – especially in the \$300,000 to \$500,000 range – is still *modus operandi* in the VIREB area, with multiple offers a commonplace occurrence on properties in that price range. Despite buyer demand, however, homes at most price points still need to be reasonably priced.

"For sellers, properly pricing your home remains an important factor," says Don McClintock, 2018 VIREB President. "Buyers are savvy, and overpriced homes take longer to sell."

Connecting with a local REALTOR® is especially crucial in a competitive housing market.

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

The benchmark price of a single-family home in the VIREB area reached \$510,300 in June, a 15 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 was \$313,300, a slight decrease from May but a 24 per cent increase over last June. In the townhouse category, the benchmark price hit \$405,000, up 18 per cent over June 2017.

Last month, the benchmark price of a single-family home in the Campbell River area climbed to \$425,800, an increase of 22 per cent over June 2017. In the Comox Valley, the benchmark price reached \$510,700, up 17 per cent from last year. Duncan reported a benchmark price of \$450,500, up 12 per cent from June 2017. Nanaimo's benchmark price rose 11 per cent to \$534,300, down slightly from May, while the Parksville-Qualicum area saw its benchmark price increase by 16 per cent to \$575,800. The cost of a benchmark home in Port Alberni reached \$293,800, up 22 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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