

FOR IMMEDIATE RELEASE

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Buyer Demand and Low Inventory Driving Brisk Housing Market

NANAIMO, BC – The Vancouver Island Real Estate Board (VIREB) reports that single-family home sales in October 2017 rose by 16 per cent from one year ago but dipped 10 per cent from September. Last month, 460 properties sold on the Multiple Listing Service® (MLS®) System compared to 398 one year ago and 511 in September.

When looking at these sales figures, however, it is important to note that 2016 was a banner year for real estate. Some market correction was expected in 2017, but sales activity in the VIREB area is still robust. Further, VIREB attributes most of the decline in sales numbers to ongoing inventory challenges. In fact, although the supply of single-family homes for sale has been steadily rising each month since VIREB hit a historic low of 859 in December 2016, inventory in October was just 1,138, down two per cent from last year and eight per cent from September.

The British Columbia Real Estate Association (BCREA) reports that the housing market in British Columbia (B.C.), particularly in the southern half of the province, continues to thrive due to strong economic fundamentals. B.C.'s GDP is currently tracking at four per cent and is expected to average 3.7 per cent for the year. Government policy decisions, including slightly higher interest rates and the new mortgage stress test, could affect the housing market in 2018, but it is too early to say in what way. These attempts to temper rising home prices – aimed mainly at overheated markets in Vancouver and Toronto – will likely be counterbalanced by demographic factors, such as baby boomers entering their retirement years, millennials purchasing their first homes, and interprovincial migration.

Janice Stomar, 2017 VIREB President, states that sales are still brisk throughout the VIREB area.

“Looking purely at statistics, it appears that the market is cooling, but the opposite is true,” says Stomar. “Lack of inventory is certainly tempering sales, but what is available sells faster and for more money.”

Stomar adds that multiple offers are still occurring regularly, even on condominiums, townhouses, and mobile homes, which is unusual for the VIREB area. However, sellers still need to price their homes realistically.

“Although many properties are selling above list price, sellers must set a reasonable price because consumers are savvy and may not look at an overpriced home,” says Stomar.

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

“Our current market conditions can be confusing and chaotic for buyers and sellers, but REALTORS® have specialized knowledge of their communities that can help streamline the process to ensure the best possible outcome while mitigating associated risks,” says Stomar.

In October 2017, the benchmark price of a single-family home in the VIREB area rose to \$463,800, 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 \$272,300, up 28 per cent board-wide from the previous year, while the benchmark price of a townhouse hit \$360,100, a 22 per cent increase from 2016.

The October 2017 benchmark price of a single-family home in the Campbell River area was \$366,800, an increase of 19 per cent over October 2016. In the Comox Valley, the benchmark price hit \$466,200, up 20 per cent from last year. Duncan reported a benchmark price of \$409,500, an increase of 14 per cent compared to October 2016. Nanaimo's benchmark price broke the \$500,000 mark, rising 14 per cent to hit \$501,400. The Parksville-Qualicum area saw its benchmark price increase by 17 per cent to \$524,900, while the price of a benchmark home in Port Alberni was \$253,600, up 18 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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