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Lower Mainland Real Estate Markets Race To Record July Home Sales

Summer 2009 Market Update

Once again “The Cindy Russell Team” is proven to be the leader of the pack. While “chicken little’s” were screaming for over a year that “the sky is falling” in the real estate market we have been saying the complete opposite! Subscribe to “The Cindy Russell Team” electronic real estate newsletter and know far in advance exactly what “your” neighborhoods real estate market will be like tomorrow and for years to come and where to invest today.

Home sales in the Lower Mainland burst out of their long slump in July as first-time homebuyers, lured by lower prices and rock-bottom interest rates, flooded into the market.

Both Metro Vancouver and Fraser Valley real estate boards reported record home sales for the month of July.

Metro realtors racked up 4,114 sales through the Multiple Listing Service in July, the Real Estate Board of Greater Vancouver said Wednesday. That’s an 89-per-cent increase from July 2008, when sales were just headed into the doldrums.



The price of the typical single-family home in Metro hit \$711,702 in July, down 5.5 per cent from the same month last year but 10-per-cent higher than at the beginning of this year.

It was a similar story in the Fraser Valley, where the real estate board saw 2,089 MLS sales in July, a 62-per-cent increase from the 1,284 sold in July 2008, and a little higher than the previous record of 2,051 in July 2005.

The price of a typical detached home in the Valley reached \$477,420 in July, down almost six per cent from a year ago, but up almost four per cent over the last three months.

Paul Penner, president of the Fraser Valley board, said 37 per cent of buyers in the July market were first-timers, compared with 33 per cent in June.

“That volume creates a significant ripple effect as the sellers of those homes move up,” Penner said in a news release.

Jake Moldown, president-elect of the Vancouver real estate board, concurred.

He said first-time buyers who entered the market during the boom a couple of years ago now feel comfortable moving up the property ladder.

“They understand what a mortgage is and they’re comfortable with their payments, and now they’re looking to step up,” Moldown said.

Vanessa Brown, a library technician at Langara College, is one of those buyers.



She traded a one-bedroom condo at 56th Avenue and Fraser Street in Vancouver, which she bought five years ago for \$123,500 and recently sold for \$196,000, for a \$365,000 two-bedroom unit at Seventh Avenue and Main Street.

“I figured when the market dipped a bit, even though I would be sacrificing a bit of money on the sale of my apartment, I would have more to gain as I moved up the market,” she said.

Moldown said the strength of sales in recent months has been surprising, but he believes the overall market is stabilizing.

Tsur Somerville, a real estate expert in the Sauder School of Business at the University of B.C., said there are signs of more stability in the overall economy, but it is difficult to see the pace of sales continuing at peak levels.

“This is a very, very high level, and [long-term mortgage] interest rates have already started creeping up,” Somerville said.

“It’s a wonderful, positive statement about people’s outlook for where things are going,” he said, “but it’s hard to put together the set of circumstances where sales of this level are sustainable and persistent.”

However, Somerville said there are few signs that the market will collapse again “without some substantial shift in [mortgage] rates.”

B.C.’s employment picture, especially in Vancouver, has shown signs of stabilizing with the addition of more full-time jobs in recent months after a period of losses, said Carol Frketich, regional economist for Canada Mortgage and Housing Corp..

The big question is whether high sales levels are sustainable, Frketich said. “That’s yet to be seen until we see that labour market more solid.”

Frketich it’s now a seller’s market in some areas, with inventories falling as sales rise.

In Vancouver, the number of active listings is down 34 per cent from the same month a year ago, and now stands at 12,482 units.

Sellers put 5,041 new listings on the market in July, a 17-per-cent decline from July 2008.

The inventory of unsold homes also shrank in the Fraser Valley, declining almost 23 per cent from record levels a year ago to 9,510 active listings in July.



*Vancouver Sun article, August 5th 2009

