

Metro Vancouver prices remain high as home sales slow

Sellers tending to take houses off the market if they're not getting good offers

BY JENNY LEE, VANCOUVER SUN SEPTEMBER 5, 2012



The Canada Mortgage and Housing Corp. expects prices to drop by 5.2 per cent this year over last year. They are forecasting 2.6-per-cent growth next year.

Photograph by: Gerry Kahrmann, Vancouver Sun

Metro Vancouver realtors saw their second-slowest August for residential property sales since 1998, but prices are relatively stable, the region's main real estate board reported Wednesday.

"We've seen a slowdown in the market in terms of the number of transactions, but there's relative price stability," Real Estate Board of Greater Vancouver president Eugen Klein said.

Detached housing prices were relatively flat in August compared with a year ago, while the condo market has declined by one per cent, and townhomes down almost two per cent.

"You're starting to see very slight changes in price. Three months ago we were at an 18- to 19-per-cent sales-to-listing ratio, now we're at nine. You would tend to expect that prices would fluctuate more, but we're not seeing that in the marketplace," Klein said.

On average, it is taking two months to sell a home in Greater Vancouver, Klein said.

Residential property sales in the region dropped 31 per cent to 1,649 in August compared to 2,378 sales during the same month of 2011. Sales were 39 per cent below the 10-year August sales average of 2,711.

Total residential property MLS listings increased 14 per cent to 17,567 compared to August last year. The MLS composite benchmark price for all Greater Vancouver residential properties dropped 0.5 per cent to \$609,500 from August last year.

The board is seeing "a tug of war" between buyers and sellers, with buyers anticipating prices will move and sellers holding fast.

"We do expect an uptick in activity going into September as people go back to school and job creation from part-time to full-time is on the increase," Klein said. "Typically, there is a 60- to 90-day lag in home purchases based on job creation."

Tsur Somerville, who holds a real estate foundation professorship at the University of B.C., expects prices to stay flat for a while "because our prices are high relative to what people think they should be," Somerville said.

"Our price adjustment will come from prices being flat for awhile and letting income catch up to where prices are."

The Canada Mortgage and Housing Corp. expects prices to drop moderately by 5.2 per cent this year over last, followed by 2.6-per-cent growth next year, CMHC regional economist Carol Frketch said.

"This year in the resale market it's slower than we've seen last year, but it's not a dramatic downturn," she said. The sales-to-listing ratio points to "balanced conditions bordering on a buyer's market."

The CMHC expects residential sales to drop 12 per cent in 2012, then rebound by 12 per cent in 2013, and is forecasting 29,000 MLS sales in Vancouver this year compared with 33,000 sales in 2011. The forecast is below the 10-year average.

From a buyer's perspective, there's lots of choice and prices are not rising quickly, Frketch said. Sellers appear to be removing listings from the market if they aren't getting the prices they want.

"Population growth is still positive in Vancouver. It just slowed a little bit in the first part of this year," she said.

The percentage of first-time homebuyers is relatively stable at just over 30 per cent of total transactions. Cash buyers constitute 18 per cent and foreign investment sits at just under two per cent.

"The percentages haven't changed very much over the past five to six months," Klein said.

Klein said there are some notable differences between Lower Mainland markets. Detached homes in East Vancouver are selling almost twice as fast as west side homes. Average days on market is 55 days on the west side and just 29 days in the east side.

"Eighteen months ago, it was extremely hot on the west side. Now there's that cooling period," he said.

Condo prices in Port Coquitlam are down eight per cent over the past 12 months, but condo prices in Port Moody are up seven per cent.

"It has to do with infrastructure, location, things going on in those communities," Klein said.

The east side of Vancouver, Tri-cities and New Westminster are seeing more activity than the west side of Vancouver and Richmond, Klein said.

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