



SALES INCREASE... PRICES FIRM

HOME OWNERSHIP IN CANADA REACHES NEW HIGH

Adequate housing contributes to the individual and the collective well-being of a country's citizens. It provides shelter, security and, in the case of "home ownership," a reservoir of wealth. For many, indeed most people, owning a home has long been seen as a part of the national "dream." In fact, most developed countries have pursued public policies aimed at promoting home ownership.

According to the 2011 census, home ownership in Canada is now estimated to have reached the 69% mark. Home ownership has been an important and achievable goal for a majority of Canadians since WWII. There are several reasons for this. First, everyone needs a place to live and the home one lives in, is an expression of oneself (*i.e., pride-of-place*). Second, owning a home is a sound, stable financial investment. In Canada, there is no capital gains tax on the sale of a principal residence. Average home prices have risen in the order of 225% since the year 2000. Many seniors who have owned their home for decades have seen a two, three, four or even fivefold increase in its value. "Your home is like a huge tax-free savings account with no contribution limits," says Nathan Janzen, an economist with the Royal Bank of Canada. Third, Canada has pursued public policy promoting home ownership for both economic and social reasons.

Chart 1 shows the rate of home ownership in the four major english-speaking countries over the past 40 years. Each has a distinct pattern. Australia has long had a rate of home ownership near the 70% mark and it is only in the past five years that there has been a decided downturn. In the United States, the rate hovered around 65% until 1996, peaking at 68.5% in 2006 before falling to 66.4% in 2011. Great Britain had remarkable growth in the rate of home ownership between 1971 and 2001, from 50% to 69.7%, before drifting to 64.7% in 2011. Canada is the only one of these four countries to escape a contraction, moving steadily from 60.2% in 1971 to 69.0% in 2011. In fact, all provinces were over the 70% mark except Quebec and the three territories.

An examination of home ownership rates in other countries reveals some interesting findings. Among the larger European countries with a home ownership rate above 75% in 2011 were: Hungary, Spain, Portugal, Greece and Italy. Among those with a home ownership rate below 60% were: the Netherlands, France, Austria, the Czech Republic, Denmark, Germany, Sweden and Switzerland. This would seem to suggest that there is not necessarily a relationship between the strength of a country's economy and the rate of home ownership in that country.

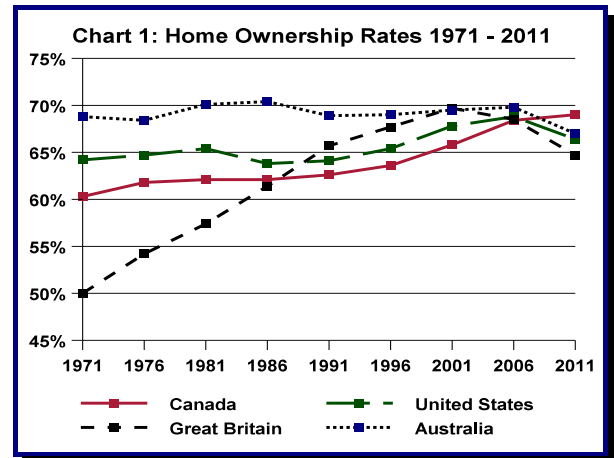


TABLE 1: STATISTICAL TRENDS - ALL RESIDENTIAL
(Greater Victoria and Other Areas)

QUARTER-TO-QUARTER COMPARISONS			
	3 rd Qtr 12	3 rd Qtr 13	Change
New Listings	3,343	3,040	-303
Sales	1,450	1,538	+88
Avg Sale Price	\$474,422	\$481,973	+\$7,551
Median Sale Price	\$430,000	\$435,000	+\$5,000
Ratio Sales Listings	.40	.51	+.11
Avg Days to Sell	70	75	+5
Sale Price as % of Orig List Price	93.5%	94.1%	+0.6%
Mortgage Rates (Posted 3 yr Fixed)	3.70%	3.95%	+0.25%

THE VICTORIA MARKET

The real estate market in Victoria gained a bit of momentum in the 3rd Qtr of 2013. Sales were up a bit from the 3rd Qtr of 2012. Prices held firm and the sales-to-new-listings ratio strengthened. However, the inventory of properties for sale still remains relatively high and properties are generally taking longer to sell.

As shown in Table 1, sales of residential properties through the Victoria Real Estate Board's (VREB) MLS® in the 3rd Qtr of 2013 totalled 1,538, up from 1,450 sales in the 3rd Qtr of 2012. The number of new listings in the 3rd Qtr of 2013 totalled 3,040, down from 3,343 new listings last year. The sales-to-new-listings ratio was .51 in the 3rd Qtr of 2013, up significantly from .40 in the 3rd Qtr of 2012. The market has moved firmly into balanced territory.

Average and median sale prices have not changed significantly. The average sale price of a residential property in Greater Victoria and other areas was \$481,973 in the 3rd Qtr of 2013, up slightly from \$474,422 last year. The median sale price was \$435,000, up from \$430,000 last year. The figure of \$481,973 compares with average residential sale prices of \$784,567 in Vancouver, \$503,094 in Toronto, \$482,006 in the Fraser Valley and \$432,576 in Calgary for the month of August 2013.

The Victoria market seems to be part of a broader trend in the province. To quote from a recent press release from the British Columbia Real Estate Association (BCREA): "After a marked decline of consumer demand in 2012, the housing market is now transitioning to a period of more elevated home buying activity. July was the sixth consecutive month of rising home sales in BC, and the strongest July since 2009. Improved economic conditions in 2014 are expected to keep housing demand in BC on an upward trajectory."

THE MARKET INVENTORY

There were 3,159 properties (including lots and acreage) active on the VREB's MLS® database for the Greater Victoria area (i.e., excluding the Malahat, Up-Island and the Gulf Islands) on Oct 1, 2013, down from 3,544 on Oct 1, 2012. However, the current inventory is 37% higher than the 2,305 properties on the market on Oct 1, 2009.

SINGLE FAMILY DWELLINGS (SFDs)

Sales of SFDs in Greater Victoria in the 3rd Qtr of 2013 totalled 817, up from 678 sales in the 3rd Qtr of 2012. As shown in Chart 3, the average sale and median sale prices remain little changed over the past several quarters, hovering around the \$600,000 mark. **The average sale price of SFDs in the 3rd Qtr of 2013 was \$598,181, up from an average of \$586,765 in the 3rd Qtr of 2012.** The median sale price was \$530,000, unchanged from the 3rd Qtr of 2012. SFDs that sold were on the market for an average of 62 days in the 3rd Qtr of 2013, compared to 60 days in the 3rd Qtr of last year. *(Indicative of how the market has changed, SFDs that sold in the 3rd Qtr of 2007 were on the market for an average of 38 days).* The sales-to-new-listings ratio was .55 in the 3rd Qtr of 2013, considerably stronger than .41 last year.

CHART 2: RES'L SALES-TO- NEW-LISTINGS RATIO
4th Qtr 2010 (4/10) to 3rd Qtr 2013 (3/13)

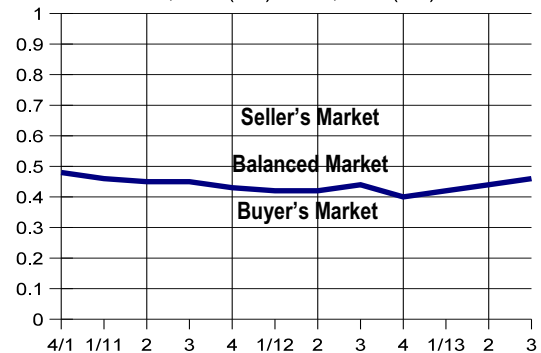


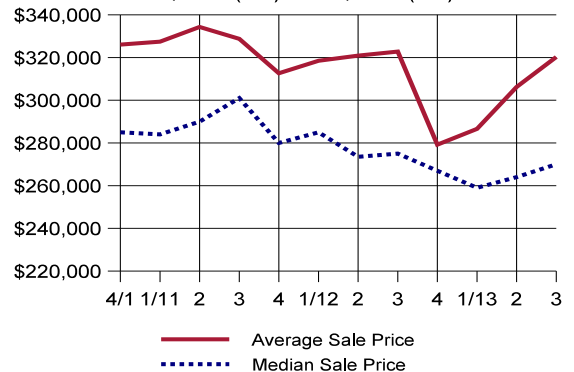
TABLE 2: INVENTORY - GREATER VICTORIA

Type of Property	Oct 12	Oct 13	Change
Single Family Dwellings	1,718	1,476	-242
Condominiums	1,039	942	-97
Townhouses	383	304	-79
Lots/Acreage	259	329	+70
Man Home/Rental Pad	108	85	-23
Duplexes (Revenue)	14	15	+1
Triplexes+ (Revenue)	10	8	-2
Totals	3,544	3,159	-385

CHART 3 - QUARTERLY SALE PRICES - SFDs
4th Qtr 2010 (4/10) to 3rd Qtr 2013 (3/13)



CHART 4 - QUARTERLY SALE PRICES - CONDOS
4th Qtr 2010 (4/10) to 3rd Qtr 2013 (3/13)

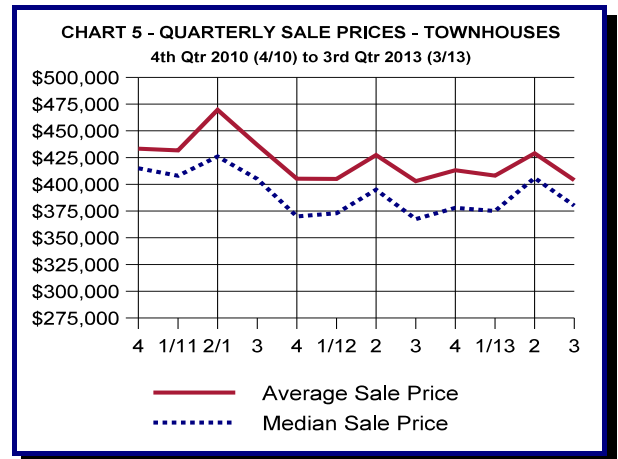


CONDOMINIUMS

There were 356 condominiums sold in the 3rd Qtr of 2013, down from 397 sales in the 3rd Qtr of 2012. **The average sale price for a condo was \$320,259, little changed from \$322,766 in the 3rd Qtr of 2012.** The median sale price was \$270,000 compared to \$267,000 last year. Condos took an average of 76 days to sell in the 3rd Qtr of 2013, up from 70 days last year. The sales-to-new-listings ratio was .46 in the 3rd Qtr of 2013, little changed from .45 last year.

TOWNHOUSES

Townhouse sales totalled 198 in the 3rd Qtr of 2013, up from 140 sales in the 3rd Qtr of 2012. **The average selling price in the 3rd Qtr of 2013 was \$403,861, compared to from \$402,954 in the 3rd Qtr of 2012.** The median sale price was \$380,000 up from \$367,500 last year. Townhouses took an average of 70 days to sell in the 3rd Qtr of 2013, down from 75 days last year. The sales-to-new-listings ratio was .65, up sharply from .45 last year.



LOTS/ACREAGE

There were 26 lots/acreage sold in the 3rd Qtr of 2013. The average and median sale prices were **\$307,153** and **\$275,000** respectively.

MAIL-ORDER HOMES

Mail-order homes, also known as "kit homes" or "catalogue homes," were a type of prefabricated housing that was popular in the United States and Canada in the first half of the 20th century. Indeed, many homes built in Victoria in this period were mail-order homes. There were several companies offering mail-order homes in Canada. The two largest were: the T. Eaton Company, which sold homes only in western Canada, and the Canadian Aladdin Company, which was national in scope. The mail-order home business worked like this: the catalogue advertised free plan books that gave details about the houses, an artist's sketch, floor plan, and information on lumber, doors, windows, flooring, and hardware. The house type was selected and ordered by the customer. Subsequently, all the materials required to build the house, blueprints, and a step-by-step construction manual were shipped to the railway station closest to the customer. The customer took it from there.

The T. Eaton Company supplied all the materials to construct the home but the lumber was cut to size on the building site. The Canadian Aladdin homes were all precut at the factory and assembled on-site. Aladdin boasted that anyone who could swing a hammer could build an Aladdin Home and they offered to pay \$1 per knot for every knot you could find in a carload of Aladdin lumber. According to the Aladdin catalogue, the labour costs to assemble the home was about an additional 25% of the cost of materials. At an additional cost, the customer could order materials for indoor plumbing and a central heating system. The customer could also order barns, garages and outhouses from the catalogue.

Examples from 1913 T. Eaton Company Catalogue
Design 66, \$950 Design 75, \$614

Examples from the 1920 Canadian Aladdin Company Catalogue
The Dorval, \$2,598.51 The Elmwood XVI, \$4,732.51



**REAL ESTATE ACTIVITY -
GREATER VICTORIA**
Single Family Dwellings
October 2012 to September 2013
With an Analysis of Percentage
Changes and a Breakdown by District

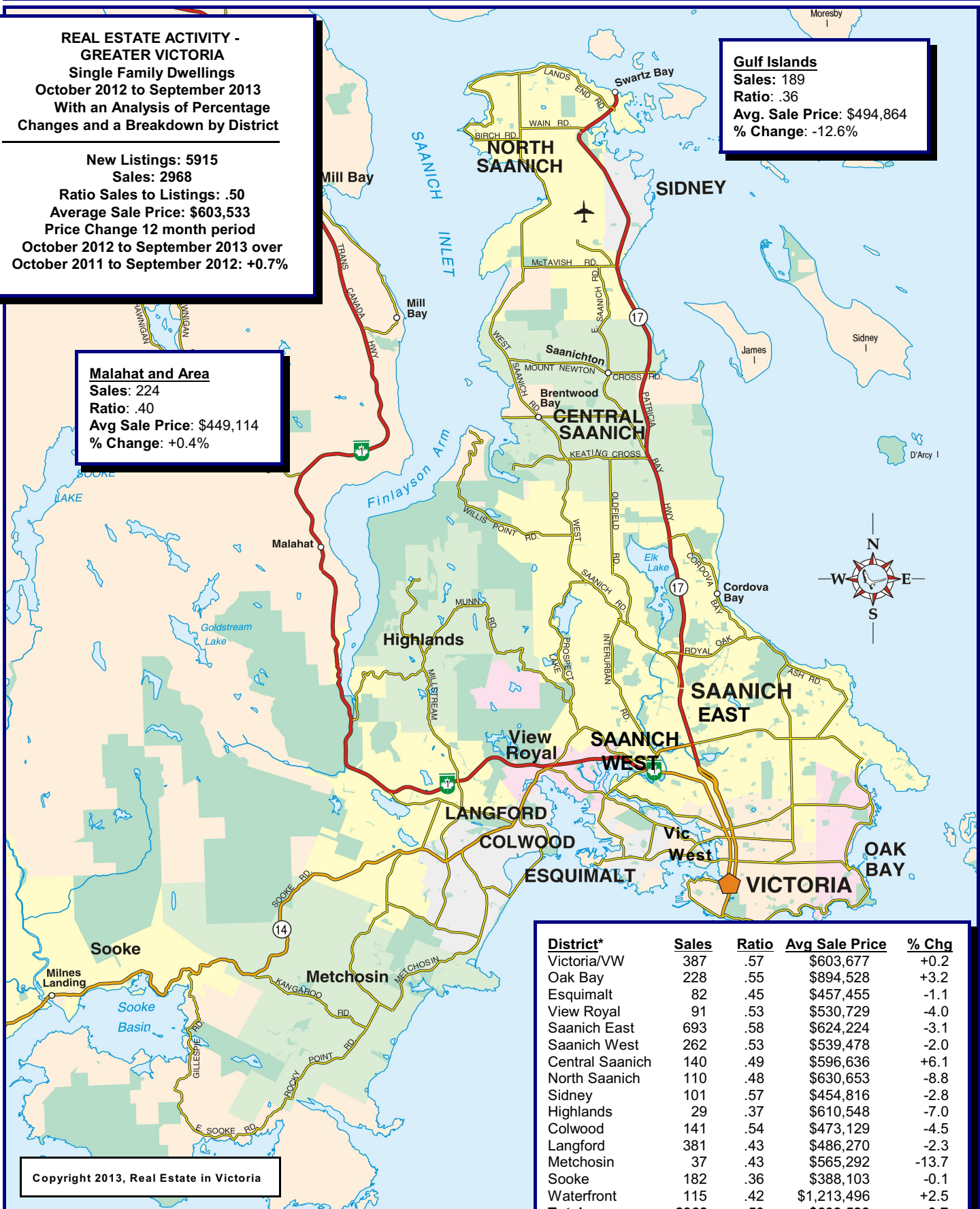
New Listings: 5915
Sales: 2968
Ratio Sales to Listings: .50
Average Sale Price: \$603,533
Price Change 12 month period
October 2012 to September 2013 over
October 2011 to September 2012: +0.7%

Malahat and Area

Sales: 224
Ratio: .40
Avg Sale Price: \$449,114
% Change: +0.4%

Gulf Islands

Sales: 189
Ratio: .36
Avg. Sale Price: \$494,864
% Change: -12.6%



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*District Avg Sale Prices exclude sales of "Waterfront"