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REAL ESTATE IN VICTORIA...Keeping You Informed

Spring 2009

SIGNS THE MARKET IS STRENGTHENING

SOME NEW DEVELOPMENTS

Mortgage Insurance Rules Tightened

In 2008, the federal government introduced rules to tighten the criteria for mortgage insurance. First, insured mortgage products cannot have an amortization period that is longer than 35 years. *(In this connection, it will be recalled that the amortization period for insured mortgages had grown from 25 years to as much as 50 years).* Second, all insured mortgages require a down payment of at least five percent. *(In some cases, buyers had been able to obtain a mortgage for more than 100% of the purchase price of the property. In the highly competitive mortgage market, many financial institutions had allowed buyers to put closing costs, such as land transfer fees and legal costs, into the mortgage).*

Support for First-Time Home Buyers Enhanced

The 2009 federal budget brought in a couple of changes to assist first-time home buyers. The Home Buyer's Plan (HBP), which allows first-time home buyers to withdraw funds from a Registered Retirement Savings Plan (RRSP) to purchase or build a home, has been changed to increase the withdrawal limit from \$20,000 to \$25,000.

The 2009 federal budget also introduced a new non-refundable tax credit based on an amount of \$5,000 for first-time home buyers. It is anticipated that this First-Time Home Buyers' Tax Credit will allow eligible buyers to save up to \$750 on the closing costs of purchasing a home.

Home Inspection Licensing and Complaint Process Implemented

British Columbia has become the first province in Canada to regulate home inspectors. Effective March 31, 2009, a home inspector needs to be licensed by the British Columbia Business Practices and Consumer Protection Authority (BPCPA) to provide home and property inspection services in BC. In order to be licensed, home inspectors need to meet the qualifications of either the Canadian Association of Home and Property Inspectors - BC Branch; the Applied Science Technologists and Technicians of BC; or the National Certification Program for Home and Property Inspectors. Licensing will entail the completion of examinations and required field experience.

The BPCPA has outlined the following three step process, if a person has a complaint regarding the services of a home inspector. First, you should discuss the matter with the home inspector and determine if he or she can address your concerns to your satisfaction. Second, you should contact the home inspector's professional association or authority, in an effort to resolve your concerns. Third, if the issue remains unresolved, you can contact the British Columbia BPCPA for assistance, through its website at www.bpcpa.ca or by calling toll-free 1-888-564-9963.

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

QUARTER-TO-QUARTER COMPARISONS			
	1 st Qtr 08	1 st Qtr 09	Change
New Listings	3,836	3,033	-803
Sales	1,673	1,207	-466
Avg Sale Price	\$497,859	\$439,768	-\$58,091
Median Sale Price	\$447,000	\$410,000	-\$37,000
Ratio Sales Listings	.44	.40	-.04
Avg Days to Sell	50	66	+16
Sale Price as % of Org List Price	97.0%	95.6%	-1.4%
Mortgages Rates (Posted 3 yr Fixed)	7.2%	5.0%	-2.2%

THE VICTORIA MARKET

As shown in Table 1, the number of "residential properties" (i.e., all types of housing excluding lots/acres and commercial) listed through the Victoria Real Estate Board's MLS® in the 1st Qtr of 2009 was 3,033, down 21% from the 1st Qtr of 2008. Residential sales totalled 1,207, down 27.8% from the 1st Qtr of 2008. The sales to new listings ratio was .40, somewhat weaker than .44 last year.

Both average and median sale prices have decreased when compared to the 1st Qtr of 2008. The average sale price of a residential property in Greater Victoria and other areas was \$439,768 in the 1st Qtr of 2009, down 11.7% from \$497,859 in the 1st Qtr of 2008. The median sale price was down 8.3% to \$410,000. The figure of \$439,768 compares with average residential sale prices of \$540,236 in Vancouver, \$366,976 in Calgary and \$354,386 in Toronto for the first two months of 2009.

The rate of decline in average and median sales prices has slowed. Demand remains relatively weak; but is significantly stronger than that experienced in the 4th Qtr of 2008. At the same time, the supply of housing is down. It would be premature to conclude that the Victoria real estate market has bottomed out; however, there are signs that we are moving towards a more balanced market that typified the market during the late 1990s, steady sales and stable prices.

The economic down-turn is having an uneven effect on the real estate market in Victoria. In fact, the market remained reasonably strong for moderately priced housing in the 1st Qtr of 2009. For example, the sales to new listings ratio for SFDs priced less than \$500,000 was a fairly strong .57 and sales were down a modest 14% from the 1st Qtr of 2008. On the other hand, the high-end market remained very soft. The sales to new listings ratio for SFDs priced over \$1 million was a rather weak .13 and sales were down 58% from the 1st Qtr of 2008.

THE MARKET INVENTORY

There were 2,911 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 April 1, 2009, up 6.6% from April 1, 2008. However, the figure of 2,911 is down 16.5% from the inventory level of 3,484 on October 1, 2008.

SINGLE FAMILY DWELLINGS (SFDs)

There were 678 sales of SFDs in Greater Victoria in the 1st Qtr of 2009, down 24.4% from 897 in the 1st Qtr of 2008. As shown in Chart 2, the average and median sale prices have drifted lower from the peak in the 2nd Qtr of 2008, but are starting to level off. The average sale price of SFDs in the 1st Qtr of 2009 was \$535,406, down 10.2% from an average of \$596,283 in the 1st Qtr of 2008. The median sale price was \$496,500 down a more modest 6.3% from \$530,000. SFDs took an average of 57 days to sell in the 1st Qtr of 2009, up from 36 days of last year. The sales to listings ratio was .45 in the 1st Qtr of 2009, compared to .50 last year.

CHART 1: RES'L SALES TO NEW LISTINGS RATIO
2nd Qtr 2006 (2/06) to 1st Qtr 2009 (1/09)

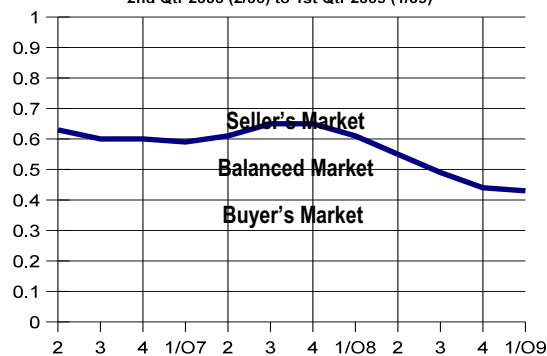


TABLE 2: INVENTORY - GREATER VICTORIA

Type of Property	Apr 08	Apr 09	Change
Single Family Dwelling	1,009	1,279	+270
Condominiums	1,049	949	-100
Townhouses	283	287	+4
Lots/Acreage	230	315	+85
Man Home/Rental Pad	54	67	+13
Duplexes (Revenue)	7	5	-2
Triplexes+ (Revenue)	9	9	nc
Totals	2,731	2,911	+180

CHART 2 - QUARTERLY SALE PRICES - SFDs
2nd Qtr 2006 (2/06) to 1st Qtr 2009 (1/09)

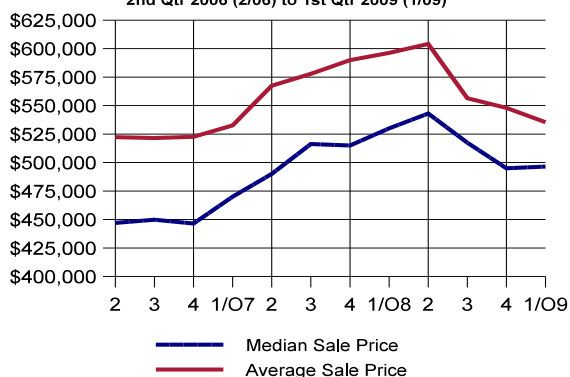


CHART 3 - QUARTERLY SALE PRICES - CONDOS
2nd Qtr 2006 (2/06) to 1st Qtr 2009 (1/09)



CONDOMINIUMS

Condominium sales totalled 333 in the 1st Qtr of 2009, down 29.3% from 471 in the 1st Qtr of 2008. As shown in Chart 3, the average and median sale prices of condominiums have been trending lower. **The average sale price for a condo was \$286,115 in the 1st Qtr Of 2009, down 14.9% from \$336,110 in the 1st Qtr of 2008.** The median sale price was \$260,000. Condos took an average of 73 days to sell in the 1st Qtr of 2009, compared to 55 days last year. The sales to listings ratio was .40 in the 1st Qtr of 2009, the same as last year.

TOWNHOUSES

Townhouse sales totalled 139 in the 1st Qtr of 2009, down 22.4% from 179 in the 1st Qtr of 2008. **The average selling price in the 1st Qtr of 2009 was \$397,273 down 8.3% from \$436,414 in the 1st Qtr of 2008.** The median sale price was \$371,000. Townhouses took an average of 68 days to sell in the 1st Qtr of 2009, up from 48 days last year. The sales to listings ratio was .41, compared to .47 last year.

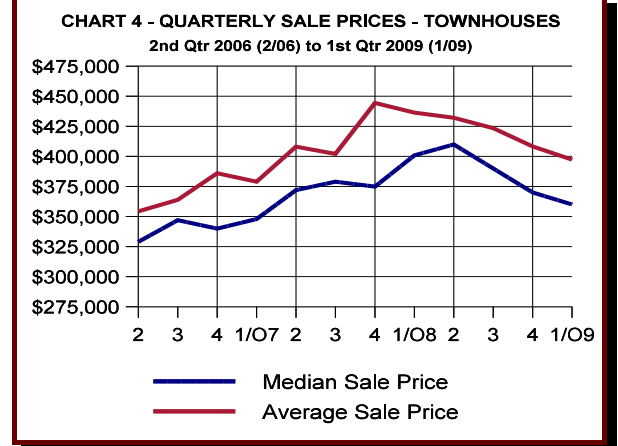
LOTS/ACREAGE

There were 24 lots/acreage sold in the 1st Qtr of 2009, down from 59 in the 1st Qtr of 2008. The average and median sale prices were **\$322,723** and **\$320,000** respectively.

MARK YOUR CALENDAR - UPCOMING EVENTS IN GREATER VICTORIA

We have the good fortune in Victoria to live in a beautiful city with a marvellous climate. We also are fortunate to be able to enjoy a host of events over the year that caters to the interests of just about everyone. The following are but a few of these events. For a complete list, check out the Tourism Victoria website at www.tourismvictoria.com as well as www.britishcolumbia.com/calendar/index.

- **Greater Victoria Performing Arts Festival - Applaud the Future** (March 30 - May 10)
- **Swiftsure International Yacht Race** - Dallas Road (May 23 - 25)
- **Victoria Day Parade** (May 18)
- **Treasures: The World's Cultures from the British Museum** - Royal BC Museum (May 1 - September 30)
- **47th Annual Oak Bay Tea Party and Parade** (June 6 - 7)
- **25th Annual JazzFest International** (June 26 - July 5)
- **Canada Celebrations - Victoria and Westshore** (July 1)
- **Organic Islands Festival and Sustainability Expo** - Horticulture Centre of the Pacific (July 4 - 5)
- **Moss Street Paint In** (July 18)
- **Symphony Splash 2009** (August 2)
- **Victoria Dragon Boast Festival** - Inner Harbour (August 14 - 16)
- **Victoria Fringe Theatre Festival** (August 27 - September 6)
- **Classic Boat Festival** - Inner Harbour (September 4 - 6)
- **Great Canadian Beer Festival** (September 11 - 12)
- **Royal Victoria Marathon** (October 11)



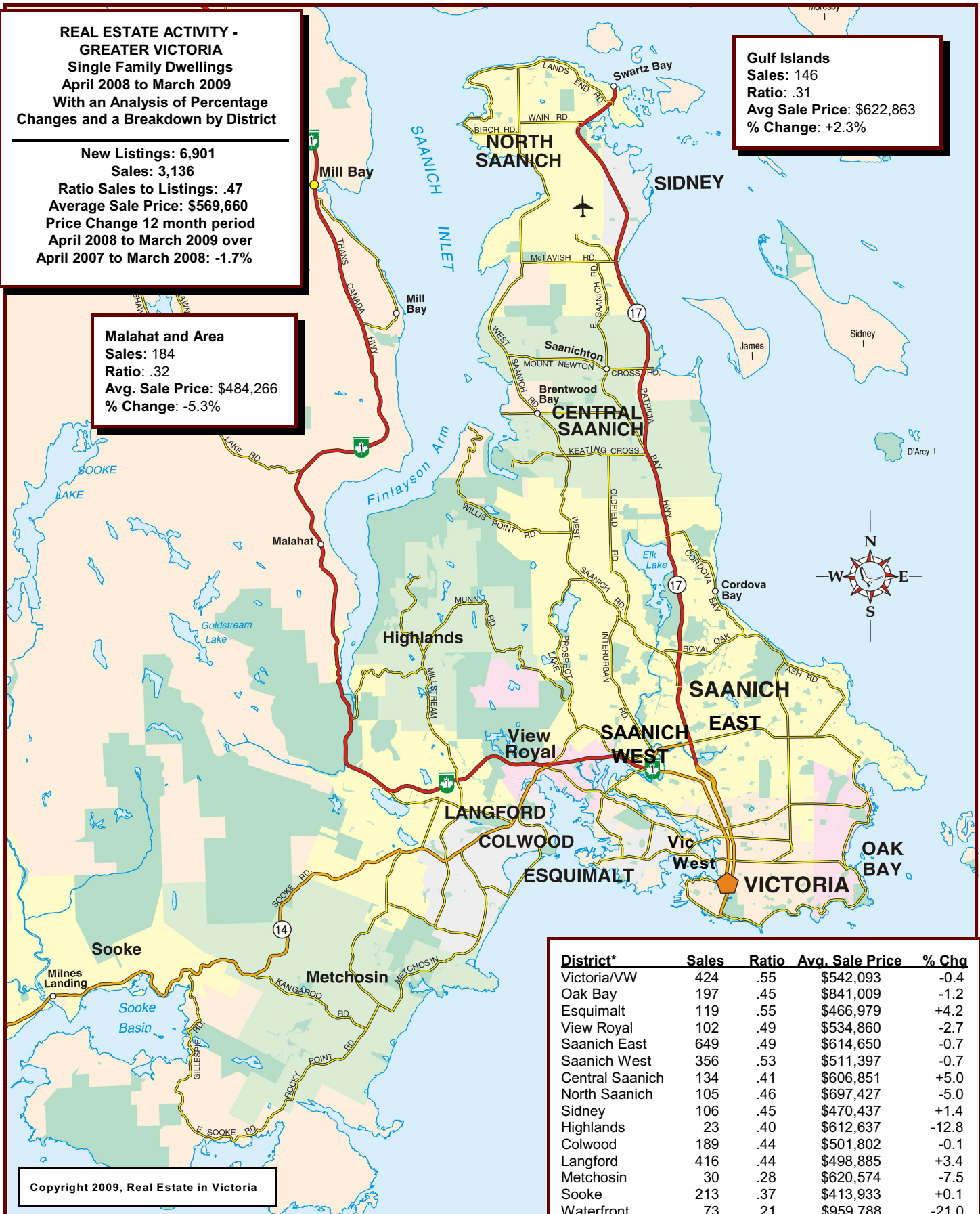
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**REAL ESTATE ACTIVITY -
GREATER VICTORIA
Single Family Dwellings
April 2008 to March 2009
With an Analysis of Percentage
Changes and a Breakdown by District**

**New Listings: 6,901
Sales: 3,136
Ratio Sales to Listings: .47
Average Sale Price: \$569,660
Price Change 12 month period
April 2008 to March 2009 over
April 2007 to March 2008: -1.7%**

**Malahat and Area
Sales: 184
Ratio: .32
Avg. Sale Price: \$484,266
% Change: -5.3%**

**Gulf Islands
Sales: 146
Ratio: .31
Avg Sale Price: \$622,863
% Change: +2.3%**



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District*	Sales	Ratio	Avg. Sale Price	% Chg
Victoria/VW	424	.55	\$542,093	-0.4
Oak Bay	197	.45	\$841,009	-1.2
Esquimalt	119	.55	\$466,979	+4.2
View Royal	102	.49	\$534,860	-2.7
Saanich East	649	.49	\$614,650	-0.7
Saanich West	356	.53	\$511,397	-0.7
Central Saanich	134	.41	\$606,851	+5.0
North Saanich	105	.46	\$697,427	-5.0
Sidney	106	.45	\$470,437	+1.4
Highlands	23	.40	\$612,637	-12.8
Colwood	189	.44	\$501,802	-0.1
Langford	416	.44	\$498,885	+3.4
Metchosin	30	.28	\$620,574	-7.5
Sooke	213	.37	\$413,933	+0.1
Waterfront	73	.21	\$959,788	-21.0
Totals	3,136	.45	\$569,660	-1.7

*District Avg. Sales Prices exclude sales of "Waterfront"