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MacDonnell's Market Report

September 2011

From Iain & Laurie ...

Local housing trends are not all pointing in the same direction, which may indicate a slight softening of the market is coming.



For example, the Vancouver area Real Estate Board reported sales of 2,378 homes in August; this is 8% higher than August of last year, but is the 3rd lowest total for an August in the last 10 years.

Although Benchmark prices are up from a year ago (up by 8.5% overall, and up 11.7% for detached houses) house prices have dipped slightly for the past two months—not unusual for the summer.

On the broader scale, we're seeing a lot of uncertainty in global financial markets, never a good thing, but that has led to continued very low mortgage rates – a key driver of the housing market.

So we are predicting a slight slowing of the market in prices and number of homes sold, but no major swings. But different pockets within the region are showing different results – call us to find out about your area and your home's value.

Iain & Laurie

Statistics Source: Real Estate Board of Greater Vancouver

Grow Op Blues

Believe it or not there are an estimated 18,000 grow op houses in BC Hydro's service area, says the Surrey fire chief.



Remedial activities include handling mould, unsafe wiring and pesticide residues. Recommendations include air quality and mould inspections by an industrial hygienist.

Once a home has been used as a grow op, that fact must be disclosed to potential purchasers – for the rest of the life of the home.

Even after remediation, many banks will not finance former grow-op homes.

Ask Iain & Laurie for more information on this "growing" problem.

Source: The Globe and Mail

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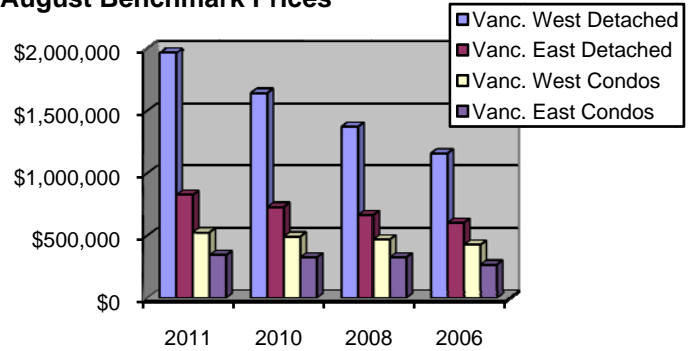
Trends Affecting Real Estate

- **Mortgage Rates** – short term mortgage rates and variable rates are expected to remain at historically low levels.
- **Migration** – In 2011, net migration into BC is forecast at 52,700 and 2012 at 61,000. Population increases stimulate demand for housing.
- **GDP (Gross Domestic Product) & Employment** – Growth in BC's GDP is forecast to be 3% in 2011 and 3.2% in 2012. Unemployment is expected to decrease to about 6.8% by 2012.
- **Vacancy rates** – Modest rental construction will be partly offset by competition from the condo sector. Vancouver vacancy rates will remain relatively stable this year and next at about 2%.
- **Regulations** – The Government of Canada introduced some adjustments to the rules for government-backed insured mortgages. These rules will mean potential home buyers will have to save a larger down payment.



Real Estate Price Trends

August Benchmark Prices



Source: Real Estate Board of Greater Vancouver
Benchmark Prices of a "typical" property

Overall, we see the trends to be quite favourable for continued stability in the local real estate market.

Source: CMHC Third Quarter 2011 Report

Mortgage Rates as of Sept 2/11

Term	Posted Rate	Best Rate
1 Year	3.50%	2.64%
3 Year	4.35%	2.99%
5 Year	5.39%	3.49%
10 Year	6.75%	4.79%
Prime		3.00%

Rates Compliments of Cara Savege – Invis 604-788-1788

Quote Corner

If you think hiring a professional is expensive, wait 'til you hire an amateur.

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Tech Tips



If you have your own Internet domain name (like ours: www.macdonells.com) be on the lookout for scammers e-mailing a request that you send money to renew your domain. These (bad) folks watch for domain names that are close to expiring, then send you a renewal notice – but they're not the real company that looks after the domain!

Only renew your domain by logging on to your registrar directly – don't send money, cheques or credit cards in response to unsolicited e-mail.



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