

# westside HOMES

FALL/OCTOBER '09  
market update



**Our market has taken a steep climb upwards!** Our market drops last year of 20-25% have recovered since April to today by 11.4%! We are halfway back to the peak pricing of Feb 2008 already (in only a few short months).

We had more than double the number of sales (3441 homes) in Vancouver in August this year than we had in August 2008 (only 1568 sales). Our inventory today is 33% lower than it was last year making our market today a very strong 'Seller's Market'. The following factors all played a role in this dramatic recovery:

- Buyer's taking advantage of their low pre-approval rates before they expire
- increased consumer confidence
- pre-Olympic hysteria (fits of crying and laughing)
- fear of next years new Harmonized Sales Tax  
(increased costs to buy...refer to HST article on reverse)
- pent up demand from last year

We are continuing to see prices increase now at a rate of 2% per month. This should continue until inventory levels come up (more people list their homes) and the demand levels off or dissipates - in all likelihood this November/December.

**Best time to sell?** Right now! **Best time to buy?** November to January!

Timing is everything in real estate and clearly selling in a strong seller's market and patiently waiting for a balanced (or buyer's) market to buy can net you tens to hundreds of thousands of dollars.

**Next year's market** is a tough one to forecast. Yes the Olympics will be here and there will be lots of visiting/watching foreigners falling in love with our city. But realistically, the city will be shut down for all intents and purposes for almost 2 months. Following this time period, we can anticipate vacancy rates to pop up significantly when all the high paying visitors leave their short term rentals. Some owners will dump their units on the market in frustration with the inability to rent - so inventory levels will increase. This will create **a great environment to buy in.**

## LANEWAY HOUSING...update

The City is currently accepting applications for RS-1 and RS-5 zoning. Even though there is no limit to applications, the planners will do a review of the program after 3 years or 100 permits (whichever comes first). The Laneway House Design Guidelines and By-Laws are finally ready on line (pop me an email and I will send you the direct links). Anyone wanting to pursue a laneway house let us know and we can put you in touch with the right people to get things started.



**Pets love fall too!**

**Hope to see you all at the Autumn Fair and the Annual Halloween Client Skating Party!** see insert for details

Vancouver's  
Premier  
Real Estate  
Team

## mortgage rates

at Sept 10/09  
closed rates

6 mo.	3.95%
1 yr	2.55%
2 yrs	2.70%
3 yrs	3.25%
4 yrs	3.69%
5 yrs	3.89%
7 yrs	5.10%
10 yrs	5.25%
Var. prime	+ .1

courtesy of  
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## Team Profile

A proven & successful combination with successful results!

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## Harmonized Sales Tax (HST)

As many of you already know our provincial government is introducing the new HST. Here are the facts relating to real estate.

- The new HST will come into effect on July 1, 2010.
- The new HST tax system will apply to new homes only which are priced above \$400k (new homes below \$400k will be taxed under the old GST system)
- New homes sold above \$400 will have the new 12% tax applied minus a \$20,000 rebate.
- There will also be embedded PST input credits that will further reduce the HST amount. These credits are estimated at 2-2.5% and are the amount of PST paid by the builder in the construction process that will be credited towards the PST payable.
- Pre-sale contracts entered into prior to the HST announcement but that complete after July 1, 2010 will most likely be grandfathered under the old GST system.

In order to better appreciate the additional taxes collected on new homes, I have prepared the table below.

New Home Price	Current 5% GST	New 12% HST	\$20k Rebate	Embedded PST Credit	Net Total HST tax	Additional \$ collected
\$800,000	\$40,000	\$96,000	(\$20,000)	(\$16,000)	\$60,000	\$20,000
\$1,000,000	\$50,000	\$120,000	(\$20,000)	(\$20,000)	\$80,000	\$30,000
\$1,500,000	\$75,000	\$180,000	(\$20,000)	(\$30,000)	\$130,000	\$55,000
\$2,000,000	\$100,000	\$240,000	(\$20,000)	(\$40,000)	\$180,000	\$80,000
\$2,500,000	\$125,000	\$300,000	(\$20,000)	(\$50,000)	\$230,000	\$105,000

It is quite apparent that the new tax will affect the new housing market. It will simply cost significantly more in tax to purchase a new home over \$400k. As can be seen in the 'Additional \$ Collected' column, the provincial government stands to earn a significant cash flow from the new tax. The provincial Real Estate Association, the Urban Development Institute and a number of other associations have launched a number of initiatives to protest the new tax. As a result some of these credits and rebates may change prior to its launch next year.



## Investor's Corner Post Olympic Vacancy Rate

Just a reminder that you don't want to have any vacancies next year from March to May if you can avoid it. Due to the expected increase in vacancy rates following the Olympics, I expect rental rates to fall for a few months while investors compete with one another to rent their suites.

Pull out your tenancy agreements and any leases that expire at that time. They should be renegotiated now instead of later for a full year term to ensure that you are covered until the rental market sorts itself out next year.

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