

White Rock/South Surrey Real Estate

HOMELIFE BENCHMARK REALTY

January 1/08 to September 30/08

CATEGORY	2007 SALES	2008 SALES	% CHANGE SALES	2007 LISTINGS	2008 LISTINGS	% CHANGE LISTINGS
Townhouse Sales	331	254	-23.3%	452	559	+23.7%
Average Price	\$455,241	\$467,392	+2.7%			
Apartment Sales	441	391	-11.3%	677	890	+31.5%
Average Price	\$301,851	\$309,535	+2.5%			
House Sales	899	594	-33.9%	1470	1908	+30.0%
Average Price	\$801,851	\$858,816	+7.1%			
Combined Total	1671	1239	-25.9%	2599	3357	+29.2%

Buyer's Market Takes Hold

After six consecutive years of Sellers calling the shots in the Lower Mainland real estate market, Buyers are finally having their day and by the looks of things it may be more than just a few days. I am writing this on October 7, a day after the world stock markets responded with a resounding thud to the monetary crisis that was spawned by the Asset Backed Commercial Paper debacle. It seems that all that anyone is talking about is the markets, both stock and real estate, and why not? Many investors' portfolios are down 20 to 40 percent, possibly more. Builders and developers are offering financial and other incentives to reduce inventory that Buyers were lining up to buy 12 months ago. Baby boomers are rethinking their retirement plans after seeing their net worth get a substantial hit. Realtors are trying to manage a record number of listings as well as a corresponding record number of frustrated Sellers. Projects are being delayed until the dust settles and the banks get more loan friendly.

As you can see from the statistics in the table above, there are less sales taking place and many more listings coming on to the market. Average price increases are declining and by the end of the year the statistics should reflect a decrease from 2007 year to date average prices. But really, should anyone be surprised? The only thing that surprises me is that it did not occur a year earlier. Six years is

a long time to see such a strong run on prices and sales volume. The average selling price of a house in the Peninsula at the end of 2000 was \$352,122. The average ytd price today is \$858,816. That's a 143% increase!!! During the same period the average selling prices of townhouses and apartments went up 81.7% and 118% respectively. The combined total of house, apartment and townhouse sales for all of 2000 was 1340 units 25% less than today's ytd figures. Did anyone really believe that we would continue along at the pace of the last six years forever? There is always a period of adjustment after a real estate surge (see attached graph titled "Sales, Listings & Average Price"). The thing that is exacerbating this particular period of transition is the concurrent credit crisis and the resulting blow that consumer confidence is taking.

But there is good news for the real estate market here in sunny White Rock and South Surrey. For those of you who require financing for your homes, interest rates are going down, so mortgage money will remain at historic lows for the foreseeable future. For those of you selling your real estate at this time, take heart, the market may appear to be dead compared to the last few years, but those last few years were record breaking years. Sure you missed the peak, but your property is still worth up to twice as much as it was seven years ago. Of course if you purchased at the peak, your property value has probably

declined 10% in the past year. Hopefully you don't have to sell in the immediate future and you can keep your purchase until the current decline ends and the next up cycle begins.

The other good news is that because we live in such a desirable place, people will always be looking to move here and our investments will maintain their value much better than other less desirable areas. Even in the United States, with their well publicized real estate bubble burst, prices and sales in quality neighbourhoods in popular cities have been less impacted than most areas. Regardless of what conditions exist in the real estate market, people still buy and sell real estate, people who are transferred, downsizing, upsizing, divorcing, inheriting, and yes, even investing. Rarely has there ever been a better selection of inventory for Buyers. If you want one of the Buyers out there to buy your real estate holding, you just have to be the best priced of your competition.

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Figures based on Fraser Valley Real Estate Board Multiple Listing Service Statistics