

A Message from Patrick

A strong economy, along with the associated employment gains, is expected to keep consumer interest in housing strong in BC in the year ahead. However, CHMC predicts that as home prices continue to rise and mortgage rates inch up, home buyer activity will moderate in 2006 although remaining at a fairly high level.

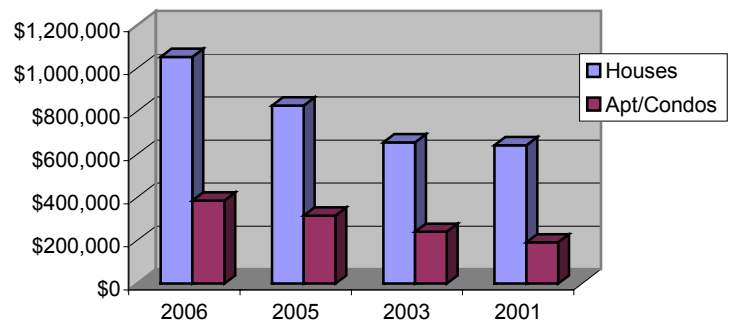
Across BC, the average home price in 2005 was from 11.6% higher (Vancouver) to 21.6% higher (Nanaimo) than it was in 2004. But in 2006, the overall provincial average is expected to go up only 7.6% – still a respectable increase, but less than the double-digit increases we experienced in the previous 2 years.

Province-wide, the average price of a resale home in 2006 will be nearly \$355,000. According to Provincial Government estimates, almost exactly half of BC's population lives in Greater Vancouver (2.12 million of a total of 4.25 million), where the overall average price for 2005 was \$425,745.

Happy Spring!

Patrick

Vancouver West Home Sales (Feb. '06)



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Benchmark Prices: Estimated sale prices of a "typical" property.

Economic News

- Canada has added 1.7 million new jobs since the start of 2000.
- The US, 10 times as big in population, has added only twice that.
- Real GDP in BC is expected to average 3.8% in 2006.
- Total payrolls in BC increased almost 3.5% in 2005 – more than double the national average.
- At 4.9%, BC's unemployment rate is the lowest in three decades.



Source: Scotiabank Group

Mortgage Rates



Mortgage News

As of Mar 3/06

| Term | Bank Rate | Broker Rate |
|--------|-----------|-------------|
| 1 Year | 6.10% | 4.85% |
| 2 Year | 6.15% | 4.85% |
| 3 Year | 6.20% | 4.85% |
| 4 Year | 6.25% | 4.85% |
| 5 Year | 6.45% | 5.00% |

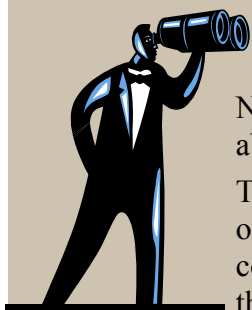
Rates are forecast to continue rising.

*If you are considering a move, call **Patrick.***

From March 3rd through the end of June 2006, CMHC and FirstLine Mortgages (CIBC) will be offering mortgages with up to 30 year amortizations, up from their normal maximum of 25 years.

The difference on a \$200,000 mortgage over 30 years instead of 25 years is a monthly payment reduction of about \$100. But you will of course pay much more (about \$35,000!) in total by making the smaller payments over an additional 5 years.

The Big Picture



Mortgage rates are trending up. Home prices are at their highest ever, following 7 years of steady increases.

New home construction, especially condos in Vancouver, is significantly higher than historical absorption rates.

The BC economy is booming, but a significant portion of that boom is based on temporary situations: one-time infrastructure building for the RAV line, convention centre and 2010 Olympics; and an artificial burst of activity in the forestry sector as pine-beetle-infested timber is salvage-harvested over the next few years.



Real estate values in the US and in other parts of Canada are showing signs of softening. And the Canadian dollar is rising steadily, a trend which if it continues will eventually affect both tourism and exports.

In a traditional market, all these indicators would point to a softening of the residential real estate market. So the big question is: *Is this a traditional market, where traditional indicators apply?*

Many experts feel that the current Vancouver market is going through a transition to a “world market” where prices will be determined as much by those in other desirable, major world cities as by local demand – a premise supported by the Olympic exposure and continued in-migration.

What do you think? Call me if you wish to discuss these ideas.

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