

# Real estate market calm expected to follow hectic 2010 in Metro Vancouver

## Home sales forecast to increase modestly across B.C. as prices stabilize

BY BRIAN MORTON, VANCOUVER SUN    JANUARY 27, 2011 8:24 AM



Carrie and Mike McDougall -- with their daughter Kylie, 3, and son Colton, 4 -- moved to British Columbia from Alberta recently and bought a new house in Maple Ridge. They were comfortable with the price they paid and are expecting prices will go up in the next year, as are experts across Metro Vancouver.

**Photograph by:** Les Bazso, Vancouver Sun, Vancouver Sun

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VANCOUVER - If there's one sentence to sum up B.C.'s real estate picture in 2011, it's probably "Let's take a breather."

While Metro Vancouver prices rose fairly sharply over the past year, the same wasn't true in the Interior and other parts of the province where prices were flat and sales stalled.

A combination of low interest rates, relatively stable prices throughout the province and a gradually improving economy helped by the 2010 Winter Olympics brought buyers -- especially first-time buyers -- back into the market after a recessionary slump.

Those conditions are expected to continue in 2011, although interest rates are predicted to gradually

rise.

That may keep a lid on housing prices, which are also expected to rise a bit, although less than in 2010.

However, there will be no repeat of 2010's price bump.

"When you look at 2010, we saw fewer sales than 2009 [across B.C.]," Cameron Muir, chief economist for the B.C. Real Estate Association, said in an interview. "Since [July], we've seen a modest increase in consumer demand."

Muir said he expects the province will see that continue into 2011, although the sales numbers aren't expected to post any records or rise above the 10-year average.

"I'd expect housing sales to be around 80,000 to 82,000 units in 2011. We're likely to see a six-to seven-per-cent increase in housing sales this year compared to last year."

Muir said job growth and rising incomes will underpin demand, although higher interest rates in the second half of the year will partly offset the benefits of more economic activity.

"There will be a much more gradual increase in consumer demand and less volatility. There will be more stable market conditions this year."

Robyn Adamache, senior market analyst for Metro Vancouver with Canada Mortgage and Housing Corp., said in an interview that she doesn't see any huge changes this year over 2010.

"We're expecting a slight increase in sales, about five to six per cent, for 2011.

"For 2010, we were around 31,000 sales.

"For 2011, we're expecting 33,000 sales."

However, Adamache said Metro Vancouver should see much less price growth in 2011.

"In 2010, we saw a 14-percent increase in prices.

"We're calling for a three-percent increase in 2011."

Adamache said she expects that mortgage rates will creep up later in 2011, although not dramatically. "So, that will put a bit of a damper on sales."

Tsur Somerville, director of the centre for urban economics and real estate at the University of B.C.'s Sauder School of Business, said he doesn't like forecasting the future, but nevertheless believes that 2011's real estate picture will be largely determined by the speed of the recovery and the Bank of Canada's action on interest rates -- and how that reflects on mortgage rates.

Ron Antalek, a realtor with ReMax Ridge Meadows Realty, said in an interview that he's seeing an uptick in buyers who believe interest rates are heading north.

He believes there will be a modest increase in both pricing and demand this year.

"The vast majority of buyers are convinced that prices won't decline and that interest rates will rise.

"So, they feel their investment is safe.

"Sales are picking up." Mike McDougall recently took possession of a new detached home in Maple Ridge after moving to B.C. from Alberta.

"Hopefully, it was a good time to purchase," McDougall said in an interview.

"From what I hear, it was. I think there's still potential for rates to go up."

McDougall, who moved into his new home on Jan. 12 with his wife and two small children, said he was also comfortable with the price he paid.

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