



West expected to lead Canada in market growth in 2007

Despite rumours of collapses and recessions in the real estate market, for the most part 2006 merely represented a slow down from the heated and unsustainable pace of 2005. Growth in prices started to slow and pent-up demand diminished. To put matters in perspective, though, while sales in 2006 did decline from the previous year, the fact is that 2006 price levels and sales activity would have been seen as extremely good not too long ago. Nationally, it is expected that house prices will rise in the mid single digits in most markets in 2007. The exception is the West where limited inventory and continued high demand will sustain higher activity and prices than the rest of the country.

2006 in review

Nationally

Home ownership reached record levels in 2006. Prices increased year-over-year in almost all markets, though at a more moderate pace than in previous years. Regional variances were evident. In the West, double-digit gains were reported as favourable economic conditions fuelled home buying activity and pressured house prices to rise substantially. In Eastern Canada, more modest gains were reported. Canada's fourth-quarter market was bolstered by low unemployment rates, higher incomes and strong consumer confidence. Moderate interest rates also led to increased market activity as new buyers continued to enter the market.

Greater Vancouver Market

2006 was another busy year for the real estate market in Greater Vancouver. And although sales were lower overall than last year, the momentum of the record-breaking pace of 2005 carried over into the first five months of 2006. There were 35,506 sales in 2006, a decrease of 12.4% from 2005 and a 2.1% decrease from 2004. Year after year the Greater Vancouver area continues to be ranked as one of the best in the world to live in and that status is reflected in purchases and sales of some of the most valuable real estate in the country. At year-end, the Housing Price Index (HPI) continued to show significant benchmark price increases over December 2005.

	Benchmark Price Dec. 2006	% Change 1 Year - Dec. 2005
Detached	\$643,790	13.5%
Townhome	\$410,234	16.6%
Apartment	\$329,906	17.0%

Sources: Real Estate Board of Greater Vancouver, Realty Times, CMHC Canadian Housing Outlook

What's ahead in 2007

Nationally

- Interest rates are expected to remain near current levels into 2007, edging higher in the second half of the year.
- The Canadian economy is not expected to grow as quickly as in 2006 and 2005. And while experts anticipate a weakening, none expect a recession.
- The West will continue to attract people from other parts of Canada and will lead Canada in real estate market growth. BC will see a population increase of approximately 45,300 people in 2007.
- Housing starts will be strong and will remain above 200,000 units for a sixth consecutive year.
- The Conference Board of Canada indicates that consumer confidence is expected to remain firm, especially among consumers aged between 34 and 55, typical repeat home buyers.

Greater Vancouver Market

The housing market is expected to be strong and stable in 2007. Non-residential construction activity is forecast to keep rising sharply led by transportation and power infrastructure projects together with commercial and industrial buildings and Olympic venues. Residential real estate development will transform and reshape many areas. These activities coupled with expected income gains, increased consumer spending and in-migration will help the economy retain most of the strength it showed in 2006 and should sustain demand for homes. Housing prices are expected to rise in 2007 but will moderate from the stratospheric prices seen in 2006. The buying frenzy has lessened, but well-priced listings could still receive multiple offers.

Happy New Year! If you are considering a move or have questions about the real estate market, please call me.

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