

The Basran Buzz

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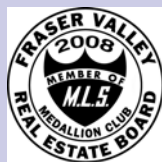
FEBRUARY 2009



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CURRENT PROPERTY DECLINE WON'T LAST LONG

The city's most famous realtor is predicting that the current property slowdown in home sales won't last long, and that now is the time to buy undervalued property.

Bob Rennie told The Province Friday that low mortgage rates, which have dipped below five per cent, make it a great time to buy.

"I think there's some really good buys out there," he said. "You've got to look at interest rates, and take advantage of them." The financial and corporate blowouts will be done by next September, he predicted, arguing that developers have reacted quickly to the downturn and are now eager for an upturn.

"Supply is really going to quickly show that the tap's been turned off," said Rennie. "I think we'll come out of this in 2010." For sellers, Rennie suggested that it's better to sit tight.

"If you don't have to sell, wait till the market stabilizes," he said. "If you want to give yours away and buy a good buy in this market, that's another decision." B.C.'s property developers remained optimistic Friday at the annual Urban Development Institute forecast lunch, predicting a market turnaround in the late fall.

More than 1,100 of them packed into a Vancouver hotel to hear from the experts where the property market is headed in 2009.

Veteran property developer Michael Audain predicted the current lower prices won't remain so for long.

Sales volumes of homes will pick up in the spring, Audain suggested. Prices will rise, too, he said, although he couldn't say when.

"Today, the Vancouver housing market is in a cyclical correction characterized by low volume and weak prices," said the founder of Polygon Homes.

"I do not believe it is a housing recession. The problem we face in Vancouver is primarily a serious loss of consumer confidence." Audain stressed B.C.'s fundamental value as a desirable place to live in the world.

"The year ahead will pose great challenges for us," he told developers. "But for homebuyers, it should be a year of remarkable opportunity." Fellow Vancouver developer Rob Macdonald noted that the 2010 Winter Olympics will soon be advertised in the world's media.

"We need to make the best of this Olympic opportunity," said Macdonald. "We want to be the place where people travel and invest." Prices should firm up from last year's declines, he said, and will start to go back up.

"We are going to see a pent-up demand forming over the next 12 months," he said. B.C. residential sales fell 31 per cent last year, to their lowest level since 2000, and December sales were off 49 per cent.

"I expect that, while the economy is going to be weaker in 2009, real-estate sales will be higher than 2008," said Cameron Muir, chief economist with the B.C. Real Estate Association.

"While we've seen prices decline, the rate of decline has been slowing. If that trend continues, home prices should firm up over the next couple of months." Muir said the oversupply of available homes is pushing prices downward, but that could redress in the spring, paving the way for higher home prices.

"Homes today are more affordable than any time in the last two years, and affordability is a tremendous signal for potential homebuyers who've been sitting on the fence," he said.

CMHC regional economist Carol Frketch sees a slower economy in 2009, and she predicts Greater Vancouver home prices will fall about 10 per cent this year, with an average price of \$535,000, compared with last year's \$593,767.

"In 2009, the outlook is not rosy, but things will improve," said Frketch. "Things will improve in 2010, but the housing market could lag the economic growth." jbermingham@png.canwest.com

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