

## B.C. home prices stabilizing

BY BRIAN MORTON, VANCOUVER SUN MAY 26, 2009



As part of its Spring 2009 Housing Forecast, the BCREA reported that housing market conditions have improved more rapidly than expected. As a result, BCREA has revised its home price forecast upwards, reflecting greater price stability through the balance of the year.

**Photograph by:** Reuters files, Reuters

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Housing market conditions are improving more rapidly than expected with the average price for a home in B.C. now predicted to decline five percentage points less in 2009 than forecasted at the beginning of the year, the B.C. Real Estate Association said Tuesday.

"The imbalance between supply and demand was putting significant downward pressure on home prices," BCREA chief economist Cameron Muir said in an interview.

"[But] on the demand side, we've now seen three consecutive months (seasonally adjusted) of double-digit increases in home sales. And on the supply side, the number of homes for sale in Vancouver has declined for six consecutive months.

The imbalance has waned considerably." Muir said that he believes most of the decline in home prices has already occurred and that there's little downward pressure on home prices in Victoria, Vancouver and the Fraser Valley. "There will be much better price stability, especially for the balance of the year."

As part of its Spring 2009 Housing Forecast, the BCREA reported that housing market conditions have improved more rapidly than expected. As a result, BCREA has revised its home price forecast upwards, reflecting greater price stability through the balance of the year.

The average residential price is now forecast to decline eight per cent to \$420,600, instead of the 13-per-cent increase originally forecasted. The report said that residential sales will decline 12 per cent to 60,755 units this year, as a result of a weak first quarter.

However, stronger consumer demand is expected to continue for the balance of the year and through

2010. Residential sales in 2010 are forecast to climb 10 per cent to 66,740 units. Reasons for the change include affordability, with lower home prices and record low interest rates reducing the carrying cost of the average priced home by 24 per cent over the last year.

"First-time buyers are a stronger force in the marketplace than in the fall and winter months," added Muir.

Asked how long it might be before home prices return to their peak in February 2008, Muir replied that there's no way of knowing.

Regionally, the report forecast that price drops will be deepest in the Okanagan, with 15-per-cent declines in Okanagan Mainline and South Okanagan in 2009 and two-per-cent declines in 2010.

Prices are forecast to drop the least in the Northern Lights area, with four-per-cent declines this year and three-per-cent declines in 2010.

Greater Vancouver and the Fraser Valley are both forecast to see price drops of nine per cent in 2009 and one per cent in 2010.

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