



# Barbara Scott & Associates

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## OUTLOOK VICTORIA 2012: MODEST RECOVERY

### THE NATIONAL PICTURE

Sales and prices of residential real estate in Canada continued to show remarkable strength in 2011, despite continued turmoil in the global economy. A Scotiabank Group report entitled “Global Real Estate Trends,” released in December 2011, reported the results of a survey of the housing market in ten developed economies. This survey found that three countries enjoyed “real house price” (i.e., inflation adjusted) increases in 2011. Canada ranked first with an average inflation adjusted price increase of 4.8% year-over-year in the 3<sup>rd</sup> Qtr. Real house prices also increased in France and Switzerland. Prices fell in Sweden, Japan, Australia, the United Kingdom, the United States, Spain and Ireland.

In Canada, new listings of residential properties on the MLS® in 2011 were up a modest +0.3% from 2010 and sales were up +2.2%. The total dollar volume for MLS® residential sales was up +9.5% to \$165.96 billion in 2011. The sales-to-new-listings ratio (*a measure of market strength*) was .53 in 2011, up from .52 in 2010. **The national average sale price of residential properties was \$363,346 (a new high) in 2011, up +7.2% from \$339,049 in 2010.**

Table 1 provides an analysis of 2011 MLS® residential sales for selected cities/areas in the country. Most cities enjoyed a year-over-year increase in average sale prices in 2011, compared to 2010. The largest percentage increases were in Vancouver, the Fraser Valley, Toronto, Hamilton and Regina.

Most areas of the country experienced balanced market conditions in 2011 and relatively modest increases in average prices and sales over the levels in 2010. A few areas had an extraordinary increase in average sale prices in 2011, most notably, Vancouver (+15.4%) and the Fraser Valley (+11.3%). These increases were on top of increases of +14.1% and +6.0% respectively in 2010. (*Anecdotal evidence suggests that these two markets may be driven, in part, by high-net-worth out-of-country buyers purchasing high-end properties.*)

According to the Canadian Real Estate Association’s (CREA) forecast, residential MLS® sales are expected to ease about -0.5% in 2012 to about 451,200 units and average sales prices will hold even at about \$364,000. The Canada Mortgage and Housing Corporation’s (CMHC) outlook for 2012 is similar, forecasting residential MLS® sales around 450,100 units, and an average sale price of about \$368,200. (*However, the CMHC adds the caveat that there is considerable financial market uncertainty and there are both upside and downside risks to the forecast.*)

**TABLE 1: AN ANALYSIS OF SELECTED AREAS - 2011**

City/Area	Avg Sale Price	Change	Sales-to-New Listings Ratio
Vancouver	\$779,730	+15.4%	.54
Fraser Valley	\$502,562	+11.4%	.52
<b>Victoria</b>	<b>\$498,300</b>	<b>-1.2%</b>	<b>.43</b>
Toronto	\$466,352	+7.9%	.62
Calgary	\$402,851	+1.0%	.51
Ottawa	\$344,791	+5.0%	.56
Hamilton	\$333,498	+7.0%	.67
Edmonton	\$325,595	-1.0%	.54
Montreal	\$313,823	+5.6%	.53
Saskatoon	\$309,622	+4.6%	.56
Regina	\$277,473	+7.5%	.62
Halifax/Dart.	\$260,950	+2.9%	.59
Quebec City	\$246,534	+4.3%	.58
Nfld/Labrador	\$251,581	+6.9%	.49
Winnipeg	\$241,409	+5.6%	.75
National	\$364,225	+7.2%	.53

**TABLE 2: STATISTICAL TRENDS - ALL RESIDENTIAL (Greater Victoria and Other Areas)**

**QUARTER-TO-QUARTER COMPARISONS**

	4 <sup>th</sup> Qtr 10	4 <sup>th</sup> Qtr 11	Change
New Listings	2,007	2,266	+259
Sales	1,222	1,236	+14
Avg Sale Price	\$504,950	\$480,658	-\$24,292
Median Sale Price	\$440,000	\$430,000	-\$10,000
Ratio Sales-to-Listings	.61	.54	-.05
Avg Days to Sell	72	72	nc
Sale Price as % of Org List Price	94.9%	94.0%	-0.9%
Mortgages Rates (Posted 3 yr Fixed)	4.15%	4.05%	-0.10%

## THE VICTORIA MARKET

In comparison to other cities, Victoria had one of the softer real estate markets in Canada in 2011. Supply was up slightly. Demand was down. And, properties took longer to sell. In strict technical terms, the Victoria real estate market was in "balanced market" territory for much of 2011. However, for all intents and purposes, it was a market that favoured buyers. Overall, the number of new listings of residential properties in 2011 in Victoria was 13,427, up +1.3% from 13,250 in 2010, and up +14.3% from 11,745 in 2009. Demand was down from the levels in recent years. Residential sales through the VREB's MLS® totalled 5,773 in 2011, down -6.4% from 6,169 in 2010, and down -24.6% from 7,660 in 2009. The sales-to-new-listings ratio was .4, down from .47 in 2010. The value of residential sales through the VREB totalled **\$2.877 billion in 2011**, down from **\$3.113 billion** in 2010, and down from **\$3.647 billion** in 2009. **The average sale price of a residential property in 2011 was \$498,300**, down \$6,261 or -1.2% from \$504,561 in 2010.

The inventory of properties for sale in 2011 ran above the levels in 2010. There were 2,580 properties (including lots and acreage) active on the VREB's MLS® database for the Greater Victoria area (i.e., excluding the Malahat, Up-Island and the Gulf Islands) on Jan 1, 2011, up +25% from Jan 1, 2010.

## REAL ESTATE ACTIVITY 2011

Table 3 presents an analysis of real estate activity for 2011 including: sales; the ratio of sales-to-listings; average sale prices and the percentage change in the average sale price over 2010.

Sales of SFDs in Greater Victoria totalled 3,069 in 2011, down -5.2% from 3,236 in 2010. **The average sale price of SFDs in 2011 was \$613,839, down \$16,086 or -2.6% from \$629,925 in 2010.** The median sale price was **\$550,000** in 2011, also down -2.6% from \$564,900 in 2010. SFDs that sold in 2011 were on the market for an average of 54 days, compared to 43 days in 2010.

Sales of condominiums totalled 1,581 in 2011, down -11.2% from 1,781 in 2010. **The average sale price for a condo was \$326,570 in 2011, up +0.8% from \$323,829 in 2010.** The median sale price was **\$290,000**. Condos that sold in 2011 were on the market for an average of 61 days, compared to 56 days in 2010.

Townhouse sales totalled 616 in 2011, down -7.8% from 668 in 2010. **The average selling price was \$437,838 in 2011, down -1.2% from \$443,325 in 2010.** The median sale price was **\$402,500** in 2011. Townhouses that sold in 2011 were on the market for an average of 60 days, up from 48 days in 2010.

**TABLE 3 REAL ESTATE ACTIVITY - Greater Victoria**  
January 2011 to December 2011

### Single Family Dwellings

District	Sales	Ratio	Avg Sale Price	% Chg
Victoria/VW	430	.54	\$600,668	+0.6
Oak Bay	211	.55	\$888,806	-0.9
Esquimalt	118	.43	\$463,697	-4.9
View Royal	72	.38	\$575,752	-0.3
Saanich East	645	.53	\$650,507	-1.6
Saanich West	297	.49	\$562,504	-0.7
Central Saanich	162	.50	\$592,660	-6.3
North Saanich	122	.45	\$699,099	-6.5
Sidney	101	.49	\$483,433	-3.1
Highlands	15	.23	\$594,200	-18.4
Colwood	165	.44	\$497,893	-4.7
Langford	397	.38	\$507,083	-5.7
Metchosin	36	.36	\$680,839	+7.4
Sooke	204	.32	\$396,010	-4.9
Waterfront	121	.38	\$1,168,555	-9.9
<b>District Totals</b>	<b>3,069</b>	<b>.45</b>	<b>\$613,839</b>	<b>-2.6</b>
Malahat & Area	223	.38	\$471,977	+1.6
Gulf Islands	167	.35	\$534,067	-4.9
<b>Condominiums</b>	<b>1,581</b>	<b>.43</b>	<b>\$326,570</b>	<b>+0.8</b>
<b>Townhouses</b>	<b>616</b>	<b>.42</b>	<b>\$437,838</b>	<b>-1.2</b>

## MARKET OUTLOOK - VICTORIA

The Canada Mortgage and Housing Corporation is forecasting that Victoria will experience a modest recovery in the real estate market, trending toward balanced market conditions in 2012 from conditions favouring buyers in 2011. A general improvement in economic conditions, full time job growth and attractive interest rates will increase the number of residential sales in 2012 to about 6,300, up about +5% from 2011. CMHC is forecasting that the average sale price for a residential property will increase in 2012 to \$505,000 or about +2.5 from 2011.

The British Columbia Real Estate Association forecast for 2012 is very similar, citing slow growth in employment, reduced interprovincial migration and weakness in the tourism industry as having had a negative impact on the current real estate market. It is forecasting that the average price for a residential property will increase to about \$501,000 and residential sales in 2012 will increase slightly to about 6,100.

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