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REAL ESTATE IN VICTORIA...Keeping You Informed

Fall 2006

DEMAND EASES, SUPPLY RISES, PRICES LEVEL OFF

THE REAL ESTATE MARKET IN BRITISH COLUMBIA

B.C. has long had the most expensive residential real estate in Canada. And, the B.C. market continues to outperform the rest of the country with an increase in the average sale price of 73% over the past five years versus 50% for all of Canada.

The dollar value of residential sales in Canada through the Multiple Listing Service (MLS®) totalled \$73.192 billion in the first half of 2006. This was the result of sales of 264,634 units for an average unit price of \$276,579. In B.C., residential sales totalled \$21.008 billion (29% of the total dollar volume) on sales of 54,460 units (20.6% of the unit sales) for an average unit price of \$385,750.

Professional real estate services in B.C. are organized into twelve real estate boards. As shown in Table 1, there is a wide range in average sale prices across these boards from a low of \$131,234 in the Northern Lights Board to \$498,107 in Greater Vancouver.

In terms of dollar value, the real estate market in B.C. is dominated by Greater Vancouver. Residential sales through the Greater Vancouver Real Estate Board totalled \$10.474 billion (nearly 50% of the dollar volume in B.C.) in the first half of 2006. This was the result of sales of 21,027 units (38.6% of the unit sales in B.C.) for an average unit price of \$498,107. Greater Vancouver was followed by the Fraser Valley Board with \$4.094 billion in residential sales (19.5% of the dollar value) and the Victoria Board with \$1.761 billion in residential sales (8.4% of the dollar value).

All the boards in B.C. experienced a significant increase in average sale prices over the past five years. Indeed, all boards have done better than the national average. Boards that have the highest priced residential real estate include: Greater Vancouver, Victoria, the Fraser Valley, the two Okanagan boards, Vancouver Island and Chilliwack. These boards also happen to have had the highest percentage increase in average sale prices over the past five years.

The boards that have had the strongest markets in the first half of 2006 (as measured by the sales to listings ratio) include: Greater Vancouver, the Fraser Valley, Chilliwack, Kamloops, BC Northern (i.e., Prince George and Prince Rupert north to the Yukon border) and Northern Lights (i.e., the Dawson Creek area).

TABLE 1: A COMPARISON OF RESIDENTIAL REAL ESTATE MARKETS IN BRITISH COLUMBIA

Boards	Avg. Sale Price Jan - Jun 2006	%Change over 2001	Sales to
			Listings Ratio Jan - Jun 2006
Greater Vancouver	\$498,107	+74.2	.69
Victoria	\$422,086	+87.0	.59
Fraser Valley	\$386,467	+75.3	.75
Okanagan-Mainline	\$316,019	+94.8	.61
Vancouver Island	\$275,520	+92.3	.59
Chilliwack	\$262,668	+77.3	.75
South Okanagan	\$260,780	+93.7	.62
Kamloops	\$212,488	+61.4	.70
Kootenay	\$202,630	+64.1	.60
Powell River	\$194,034	+66.6	.51
BC Northern	\$158,825	+44.5	.68
Northern Lights	\$131,234	+51.2	1.27
British Columbia	\$385,750	+73.1	.67
Canada	\$276,579	+50.0	.60

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

QUARTER-TO-QUARTER COMPARISONS			
	3 rd . Qtr 05	3 rd . Qtr 06	Change
Properties Listed	3031	3376	+345
Sales	2073	1845	-228
Ave. Sale Price	\$391,433	\$425,838	+\$34,405
Median Sale Price	\$345,500	\$380,000	+\$34,500
Ratio Sales to Listings	.68	.55	-.13
Ave. Days to Sell*	43	51	+8
Sale Price as % of List Price*	98.5%	97.6%	-0.9%
Mortgages Rates (Posted 3 yr Fixed)	5.7%	6.52%	+0.82%

THE VICTORIA MARKET

As shown in Table 2, sales of “residential properties” (i.e., all types of housing excluding lots/acreage and commercial) through the Victoria Real Estate Board’s MLS® continued to slow in the 3rd. Qtr. of 2006. Sales of residential properties totalled 1845 in the 3rd. Qtr. of this year, down 11% from 2073 in the 3rd. Qtr. of 2005. There were 3376 residential properties listed in the 3rd. Qtr. of 2006, up 11.4% from 3031 in the 3rd. Qtr. of 2005.

The average sale price of a residential property in Greater Victoria and other areas was \$425,838 in the 3rd. Qtr. of 2006, up 8.8% from \$391,433 in the 3rd. Qtr. Of 2005 but slightly off the recent peak of \$428,127 in the 2nd. Qtr. of this year.

Residential properties are taking somewhat longer to sell, an average of 51 days in the 3rd. Qtr. of 2006 versus an average of 43 days in the 3rd. Qtr. of 2005. There has also been a slight drop in the sale price as a percentage of the list price (i.e., 97.6% versus 98.5% last year), indicating the buyers now have somewhat more negotiating room.

In summary, the real estate market in Victoria remains solid, but continues to move toward a decidedly balanced position with a sales to new listings ratio (a measure of market strength) of .55 compared to .70 in the 3rd. Qtr. of 2005. (A ratio of .55 means that for every 100 residential properties listed in the 3rd. Qtr. there were 55 sales in the same period).

After four very strong years with double digit price increases, it is not surprising that there has been some easing of market pressures. The market still remains quite strong for single family dwellings priced under the \$500,000 mark. There were some 2327 sales in this category since the beginning of the year and the sales to new listings ratio was a very healthy .66. Similarly, the condominium market remains very strong for units priced under the \$250,000 mark. There were 935 sales in this category since the beginning of the year and the sales to new listings ratio was .75.

THE MARKET INVENTORY

The inventory continues to build. As shown on Table 3, there were 2547 properties (including lots and acreage) active on the Victoria Real Estate Board’s MLS® database in the Greater Victoria area (i.e., excluding the Malahat, Up-Island and the Gulf Islands) on Oct 1, 2006, up some 55% from 1644 on Oct 1, 2005. The current supply of properties for sale is now near the levels that we had at this time of year in 1999 and 2000. Still, the figure of 2547 is below the inventory of properties available through the last half of the 1990s, when the active inventory at this time of the year typically ranged between 3000 and 3500 properties.

SINGLE FAMILY DWELLINGS (SFDs)

Sales of SFDs in Greater Victoria in the 3rd. Qtr. of 2006 totalled 930, down from 1063 sales in the 3rd. Qtr. of 2005. The average sale price of SFDs in the 3rd. Qtr. of 2006 was \$521,490 down slightly from \$522,260 in the 2nd. Qtr. and up a rather modest 6.9% from an average of \$487,871 in the 3rd. Qtr. of 2005. SFDs took an average of 42 days to sell in the 3rd. Qtr. of 2006, compared to 34 days in the 3rd. Qtr. of 2005. The ratio of sales to new listings in the 3rd. Qtr. Of 2006 was .53.

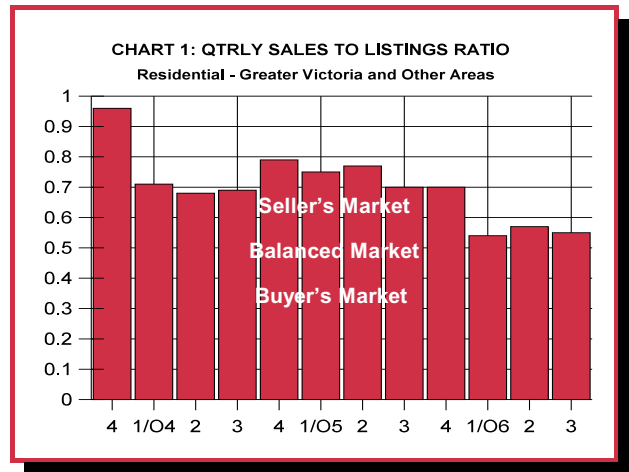
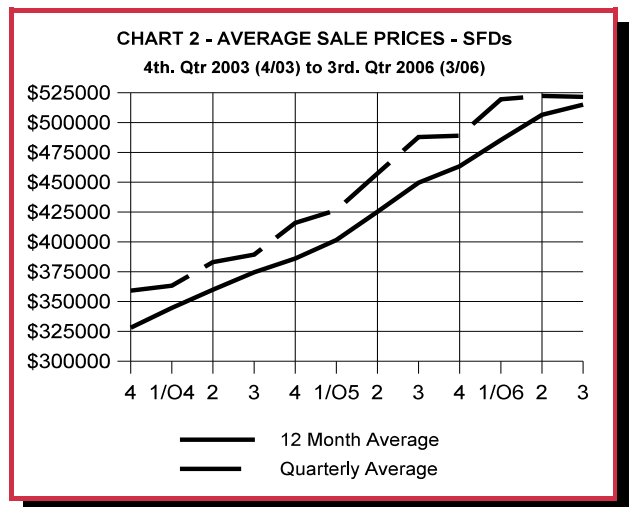


TABLE 3: INVENTORY - GREATER VICTORIA

Type of Property	Oct 05	Oct 06	Change
Single Family Dwelling	885	1196	+311
Condominiums	367	860	+493
Townhouses	131	186	+55
Lots/Acreage	171	227	+56
Man Home/Rental Pad	60	47	-13
Duplexes (Revenue)	17	20	+3
Triplexes+ (Revenue)	13	11	-2
Totals	1644	2547	+903



CONDOMINIUMS

Condominium sales remained strong in the 3rd. Qtr. of 2006 with total sales of 549, down a bit from 574 sales in the 3rd. Qtr. of 2005. As shown in Chart 3, the average sale price of condominiums continues to edge up. **The average sale price for a condo was \$293,759 in the 3rd. Qtr. of 2006 up from \$281, 217 in the 3rd. Qtr. of this year and up 19.1% from \$246,736 in the 3rd. Qtr. of 2005.**

Condos took an average of 49 days to sell in the 3rd. Qtr. of 2006 compared to 42 days in the 3rd. Qtr. of 2005 and the sales to new listings ratio was .57.

TOWNHOUSES

Townhouse sales totalled 166 in the 3rd. Qtr. of 2006, down from 219 in the 3rd. Qtr. of 2005. **The average selling price in the 3rd. Qtr. of 2006 was \$363,883, up 8.1% from \$336,571 in the 3rd. Qtr. of 2005.**

Townhouses took an average of 38 days to sell in the 3rd. Qtr. of 2006 and the sales to listings ratio was .59.

LOTS/ACREAGE

There were 95 lots/acreage sold in the 3rd. Qtr. of 2006 and the average sale price was **\$339,049.**

BEACON HILL PARK

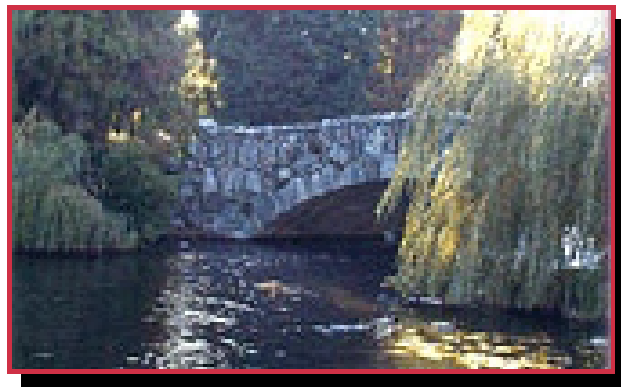
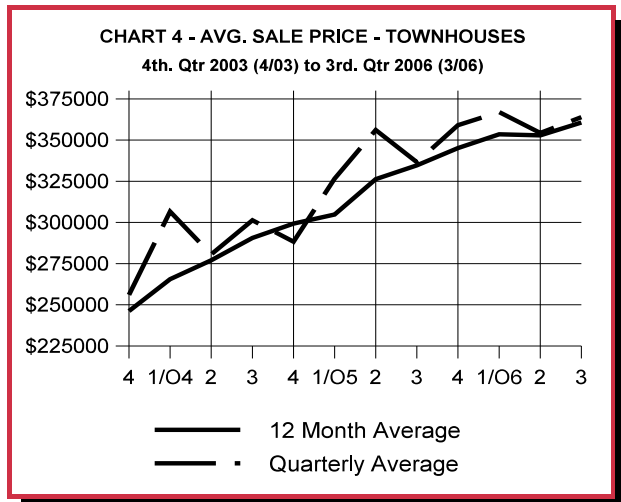
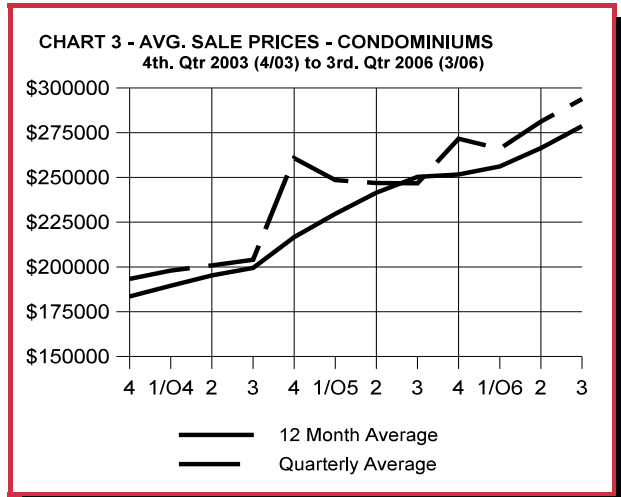
Greater Victoria abounds with parks. One of the real gems is the 200 acre Beacon Hill Park established in 1882 and located a short walk from the downtown core.

It is wonderfully landscaped with flower gardens, small lakes and ponds and pretty bridges. Attractions include the Beacon Hill Children's farm, sports fields and playgrounds, a bandshell, a 128 foot totem pole, a putting green and a lookout point at the top of the hill.

The park has a variety of exotic and native trees, including Garry Oak, Arbutus, Douglas Fir, Western Red Cedar, Birch, Willow and Maples.

It is home to numerous species of birds and waterfowl, a pair of Bald Eagles and the largest Heronry on Vancouver Island.

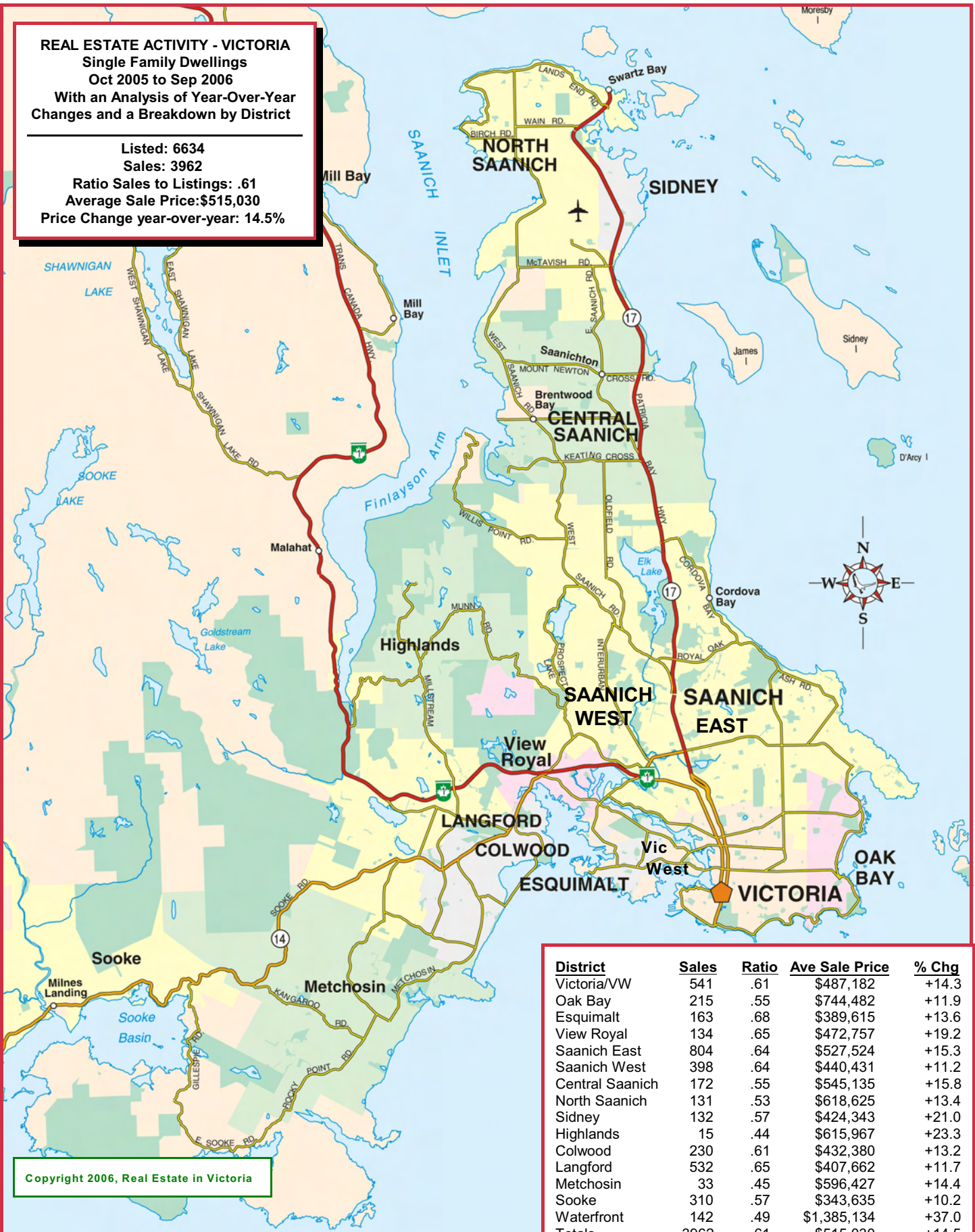
This is a wonderful place to show to visitors, to take your family, to go on a picnic, to go bird watching, to feed the ducks or squirrels, or to simply go for a quiet stroll.



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REAL ESTATE ACTIVITY - VICTORIA
Single Family Dwellings
Oct 2005 to Sep 2006
With an Analysis of Year-Over-Year
Changes and a Breakdown by District

Listed: 6634
 Sales: 3962
 Ratio Sales to Listings: .61
 Average Sale Price:\$515,030
 Price Change year-over-year: 14.5%



District	Sales	Ratio	Ave Sale Price	% Chg
Victoria/VW	541	.61	\$487,182	+14.3
Oak Bay	215	.55	\$744,482	+11.9
Esquimalt	163	.68	\$389,615	+13.6
View Royal	134	.65	\$472,757	+19.2
Saanich East	804	.64	\$527,524	+15.3
Saanich West	398	.64	\$440,431	+11.2
Central Saanich	172	.55	\$545,135	+15.8
North Saanich	131	.53	\$618,625	+13.4
Sidney	132	.57	\$424,343	+21.0
Highlands	15	.44	\$615,967	+23.3
Colwood	230	.61	\$432,380	+13.2
Langford	532	.65	\$407,662	+11.7
Metchosin	33	.45	\$596,427	+14.4
Sooke	310	.57	\$343,635	+10.2
Waterfront	142	.49	\$1,385,134	+37.0
Totals	3962	.61	\$515,030	+14.5