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REAL ESTATE IN VICTORIA...Keeping You Informed

Winter 2008

OUTLOOK REMAINS POSITIVE FOR 2008

THE NATIONAL PICTURE

Spurred on by strong consumer confidence, economic and job growth, it was a record making year for the real estate market in Canada. **The total dollar volume** for MLS® "residential" sales (i.e., excluding lots/acreage and commercial properties) in the major market survey by the Canadian Real Estate Association (CREA) **was \$118.34 billion in 2007, up 19.6% from \$98.95 billion in 2006.** The number of residential properties listed on the MLS® in the major market areas was 587,607 in 2007, up 4.6% from 2006. Residential sales totalled 362,934, up 7.9% from 2006. The sales to listings ratio (a measure of market strength) was .62 in 2007, a bit stronger than .60 in 2006.

Table 1 provides an analysis of 2007 MLS® "residential" sales for selected cities included in the CREA's major market survey. Nationally, the average sale price of residential properties was **\$326,055 in 2007, up 10.8% from \$294,270 in 2006.** The strength of the real estate market was broad based. All cities had an increase in average sale prices in 2007. The strongest price increases again were in western Canada, led by Winnipeg, Regina, Saskatoon, Calgary, Edmonton and Vancouver. [Mind you, the cities of Winnipeg, Saskatoon and Regina are finally catching up to the recent gains in the rest of the country. Moreover, there is some evidence that the real estate markets in Edmonton and Calgary are beginning to cool].

From a longer term perspective (i.e., 2000 to 2007), **the average sale price of residential properties in the major market areas has increased 84.5%.** Cities with the largest percentage increases during this seven year period include: Edmonton (170.2%), Calgary (152.2%), **Victoria (108.1%),** Saskatoon (106.8%) and Vancouver (92.9%).

Forecasts on the real estate market in Canada have not been very reliable. Analysts forecast that the Canadian real estate market would "cool" for the past four years. This did not turn out to be the case.

Again, most analysts have a positive outlook and are forecasting a moderate slowing of the Canadian real estate market. For example, according to CREA's forecast, sales are expected to slow by about 2% nationally in 2008. The western and some of the Atlantic provinces are forecast to have slightly stronger real estate markets than those in central Canada. Nationally, housing prices are still expected to continue to climb in 2008, but at a more modest pace - about 5.5%.

TABLE 1: AN ANALYSIS OF SELECTED CITIES - 2007

City/Area	Avg. Sale Price	Change	Sales to Listings Ratio
Vancouver	\$571,038	+12.0%	.67
Victoria	\$466,037	+9.2%	.65
Calgary	\$414,728	+19.6%	.59
Toronto	\$376,110	+6.7%	.60
Edmonton	\$339,028	+35.1%	.50
Ottawa	\$272,898	+6.0%	.65
Hamilton	\$269,193	+7.9%	.72
Durham	\$265,285	+2.7%	.59
Montreal	\$229,180	+6.3%	.56
Saskatoon	\$231,638	+44.3%	.75
Halifax/Dart.	\$216,647	+6.6%	.70
Winnipeg	\$174,271	+12.7%	.84
Quebec City	\$164,423	+10.6%	.64
Regina	\$163,819	+24.3%	.84
Nfld/Lab.	\$148,053	+6.1%	.57
National	\$326,055	+10.8%	.62

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

QUARTER-TO-QUARTER COMPARISONS			
	4 th . Qtr 06	4 th . Qtr 07	Change
Properties Listed	2108	2299	+191
Sales	1463	1639	+176
Avg. Sale Price	\$440,853	\$480,462	+\$39,609
Median Sale Price	\$390,000	\$423,000	+\$33,000
Ratio Sales Listings	.69	.71	+.02
Avg. Days to Sell*	54	52	-2
Sale Price as % of List Price*	97.3%	97.3%	n/c
Mortgages Rates (Posted 3 yr Fixed)	6.4%	7.6%	+1.2%

THE VICTORIA MARKET

In 2007, both the supply and demand for housing increased in the area covered by the Victoria Real Estate Board (VREB). The number of listings of residential properties was 12,840 up 4.7% from 12,280 listings in 2006. However, demand increased over 2006 levels. Sales of residential properties through the VREB's MLS® totalled 8403, up 12.3% from 7480 in 2006. The value of residential sales through the VREB totalled **\$3.904 billion** in 2007, up from **\$3.191 billion** in 2006, and nearly 4 times the **1.098 billion** in residential sales in 2000.

Generally speaking, sale prices trended up through much of 2007 for all types of housing. **The average sale price of a residential property in 2007 was \$466,037, up \$39,335 or 9.2% from \$426,682 in 2006.** [However, the rate of price increases is trending down, 16.2% in 2003, 16.3% in 2004, 17.0% in 2005 and 12.4% in 2006]. **As shown in Table 1, Victoria remains in solid 2nd. place in terms of the average sale price of residential properties in the cities included in the major market areas.**

With a sales to listings ratio of .65, up from .58 in 2006, Victoria moved back into a seller's market in 2007.

THE MARKET INVENTORY

With the demand for housing outstripping supply, the inventory of properties for sale remained about the same level through 2007 as in 2006. As shown on Table 3, there were 1733 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, 2008, little changed from 1706 on Jan 1, 2007. Assuming sales in 2008 continue around the same pace as 2007, this represents approximately a two month supply of single family dwellings and about a three month supply of condominiums and townhouses. This contrasts with the United States, where there is a ten month supply of housing on the basis of their current inventory levels.

SINGLE FAMILY DWELLINGS (SFDS)

Sales of SFDS in Greater Victoria totalled 4464 in 2007, up 11.4% from 4008 in 2006. As shown in Chart 2, both average and median sale prices continued to climb through 2007. **The average sale price of SFDS in 2007 was \$565,904, up \$44,444 or 8.5% from an average of \$521,460 in 2006.** The median sale price was **\$496,000** in 2007. And, the average sale price was **\$586,271** in the 4th. Qtr. of 2007. The sales to listing ratio was very strong at .68, compared to .61 in 2006. SFDS took an average of 39 days to sell in 2007, compared to 40 days in 2006.

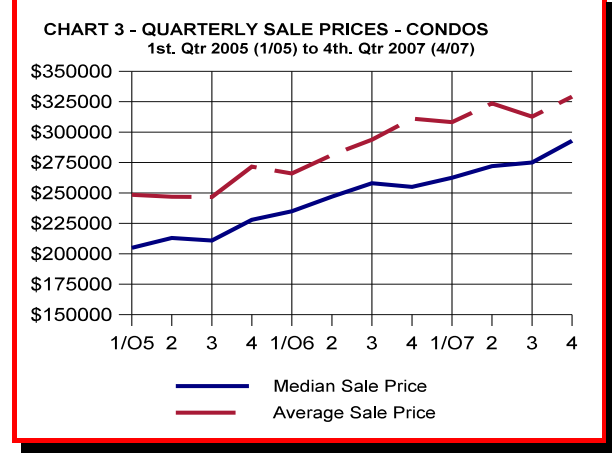
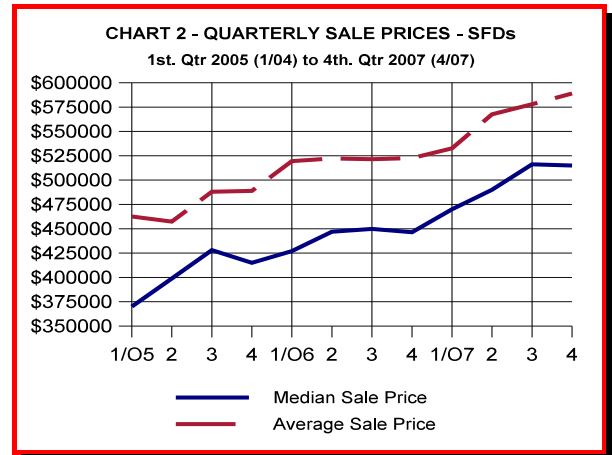
CONDOMINIUMS

Condominium sales also increased in 2007 with total sales of 2365, up 11.6% from 2120 sales in 2006. As shown in Chart 3, the average and median sale prices of condominiums continue to rise. **The average sale price for a condo was \$317,905 in 2007, up 11.1% from \$286,058 in 2006.** The median sale price was **\$274,000**. The average sale price in the 4th. Qtr. was **\$327,724**. The sales to listings ratio for condominiums was .63 up from .58 for 2006. Condos took an average of 49 days to sell in 2007, compared to 45 days 2006.



TABLE 3: INVENTORY - GREATER VICTORIA

Type of Property	Jan 07	Jan 08	Change
Single Family Dwelling	675	619	-56
Condominiums	668	622	-46
Townhouses	131	189	+58
Lots/Acreage	182	237	+55
Man Home/Rental Pad	27	57	+30
Duplexes (Revenue)	13	5	-8
Triplexes+ (Revenue)	10	4	-6
Totals	1706	1733	+27



TOWNHOUSES

Townhouse sales were also strong in 2007, totalling 873, up 28% from 681 in 2006. **The average selling price was \$406,905, up 11.2% from \$366,080 in 2006.** The median sale price was **\$374,900**. The average sale price in the 4th Qtr. spiked to **\$444,417**. The sales to listings ratio was very strong at .69. Townhouses took an average of 41 days to sell in 2007, compared with 37 days in 2006.

LOTS/ACREAGE

Sales of Lots/Acreage totalled 242 in 2007 compared to 212 in 2006. The average sale price was **\$442,829**, compared to **\$367,870** in 2006. The median sale price as **\$324,000** in 2007.

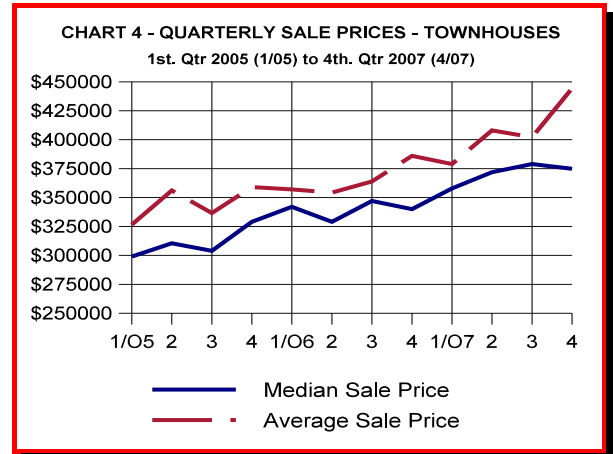
MARKET OUTLOOK - VICTORIA

Real estate markets are largely driven by local economic conditions. The conditions in Victoria for 2008 will likely be little changed from those that existed for the past couple of years. The fundamentals point to a continuation of a strong real estate market. Economic growth in B.C. is projected to outpace the rest of the country. Victoria is expected to enjoy robust employment growth and a low unemployment rate, around 3% to 4%, one of the best in Canada. Strong economic performance has bolstered consumer confidence. A recent survey indicates that residents of BC are among the most optimistic in the country with regard to their future economic prospects. The most recent census indicates that the annual average population growth in greater Victoria between 2001 and 2006 was about 4000 compared to about 1500 in the 1996 - 2000 period.

The demand for housing is expected to remain stable and the supply will remain relatively tight. No dramatic change is anticipated in mortgage rates. We are not faced with the sub-prime mortgage fiasco similar to the United States. The increase in prices and diminished affordability will likely dampen some of the first-time buyer activity. There is likely to be an increase in activity in both the "move-up" and the "move-down" buyer markets. Out-of-town buyers, particularly those from other parts of British Columbia and Alberta have recently experienced a significant appreciation in their housing values. They are now in a better position, if they so desire, to move their real estate equity to Victoria.

Taken together, these conditions suggest that the current market strength will continue into 2008. Sales will likely be about the same as 2007 and the rate of increase in sale prices will likely continue to gradually trend downward. (The CMHC and the BC Real Estate Association are forecasting a price increase of 6%).

Whether the current market boom will be sustainable for the long term remains to be determined. Victoria has traditionally enjoyed a relatively stable, diversified economy and a healthy employment base. Despite a couple of "bust" periods, Victoria has had one of the strongest real estate markets in the country over the past fifty years. There is no reason to think this will change. The average sale price of a single family dwelling increased an average of 9.9% per annum during this period, about 6.0% above the CPI. Land is scarce, very costly to develop and the cost of construction has increased dramatically. The "echo" generation, children of the baby boomers, born in the 1980s and early 1990s, is large and growing and will form a new pool of first-time home buyers. Victoria remains the destination of choice for many retirees and more recently a good place to invest in real estate. There are ten million baby boomers in Canada who will reach the age of sixty over the next two decades. *[There would appear to be the possibility of a recession in the United States. This could impact on the Canadian economy and the important forestry, mining and tourism sectors of the BC economy and in turn the real estate markets].*



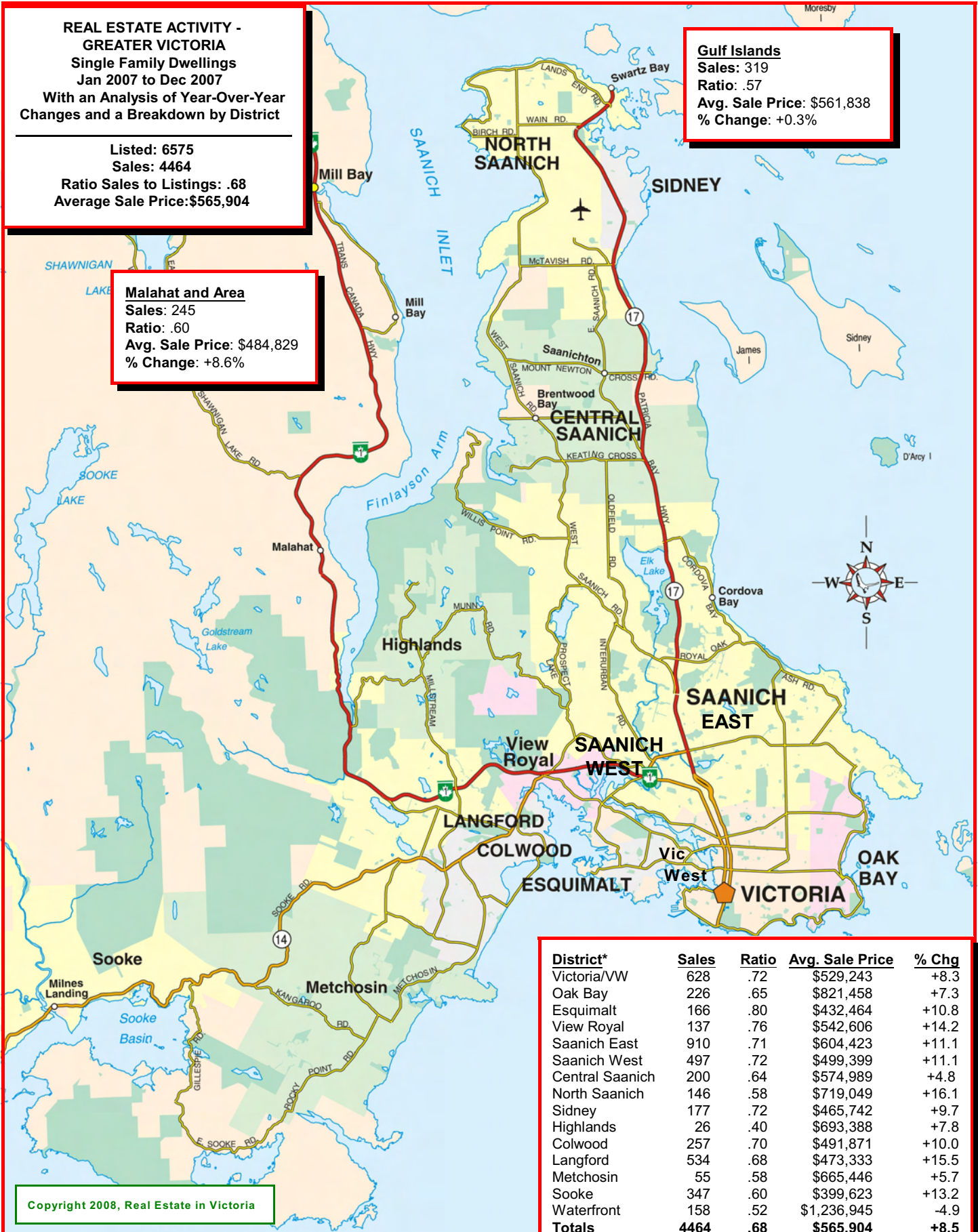
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**REAL ESTATE ACTIVITY -
GREATER VICTORIA**
Single Family Dwellings
Jan 2007 to Dec 2007
With an Analysis of Year-Over-Year
Changes and a Breakdown by District

Listed: 6575
Sales: 4464
Ratio Sales to Listings: .68
Average Sale Price: \$565,904

Gulf Islands
Sales: 319
Ratio: .57
Avg. Sale Price: \$561,838
% Change: +0.3%

Malahat and Area
Sales: 245
Ratio: .60
Avg. Sale Price: \$484,829
% Change: +8.6%



District*	Sales	Ratio	Avg. Sale Price	% Chg
Victoria/VW	628	.72	\$529,243	+8.3
Oak Bay	226	.65	\$821,458	+7.3
Esquimalt	166	.80	\$432,464	+10.8
View Royal	137	.76	\$542,606	+14.2
Saanich East	910	.71	\$604,423	+11.1
Saanich West	497	.72	\$499,399	+11.1
Central Saanich	200	.64	\$574,989	+4.8
North Saanich	146	.58	\$719,049	+16.1
Sidney	177	.72	\$465,742	+9.7
Highlands	26	.40	\$693,388	+7.8
Colwood	257	.70	\$491,871	+10.0
Langford	534	.68	\$473,333	+15.5
Metchosin	55	.58	\$665,446	+5.7
Sooke	347	.60	\$399,623	+13.2
Waterfront	158	.52	\$1,236,945	-4.9
Totals	4464	.68	\$565,904	+8.5

*District Avg. Sales Prices exclude sales of "Waterfront"