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REAL ESTATE IN VICTORIA...*Keeping You Informed* **Fall 2007**

VICTORIA MARKET CONTINUES TO SURPRISE

SOME THINGS BUYERS SHOULD KNOW ABOUT BUYING "PRE-SALE" RESIDENTIAL UNITS

There has been considerable media attention and controversy surrounding the cancellation of "pre-sale" contracts in the Riverside development in Coquitlam, BC. It is common in BC to pre-sell residential properties before construction has been completed or even started. Developers face a number of uncertainties and risks because of matters largely beyond their control (e.g., financing, changes in market conditions, labour and materials availability and costs, permits, inspections, etc.). In the case of larger developments, developers typically use a "pre-sale" contract (i.e., a contract for any residence purchased prior to completion of construction) drafted by their lawyer. These types of contracts are often quite complex and present buyers with associated uncertainties and risks. The following discusses some of the basic features and issues connected to "pre-sale" contracts. This discussion will be continued in a future issue of this newsletter.

Disclosure Statement: The disclosure statement explains what the developer is selling. The developer must provide the prospective buyer with a copy of it and give the buyer a reasonable opportunity to read it before entering into a contract.

Right of Rescission/Cooling of Period: The *Real Estate Act* enables the buyer to rescind the contract by serving notice on the developer within seven days after the date the contract has been entered into.

Completion/Possession Date: Depending on the stage of construction, pre-sale contracts will usually have an "anticipated" completion/possession date, perhaps two to three years in the future and terms regarding delays, extensions and cancellation.

Construction Delays, Extensions and Cancellation: Clauses relating to delays, extensions and cancellation can be complicated. Pre-sale contracts often enable the developer to arbitrarily extend the anticipated completion date, if the delay is a consequence of some act beyond the developers control (e.g., acts of God, an act of government, unavailability of labour, materials, etc.). In the case of such delays, the developer may be able to extend the completion date for a period equivalent to the period of the delay. *(Buyers may want to ensure the contract provides for a "drop-dead" date, that is a date whereby the buyer may exercise the option to cancel the contract, if construction is not complete).* If construction is delayed beyond the anticipated completion date, the contract may provide that it be cancelled unless the parties agree to an extension. It may also provide for a Seller's cancellation option by a certain date. If market prices have increased, the developer may have the option to ask the buyer to pay a higher price or enter into a new contract. A proposed development may not proceed at all because of inadequate sales, problems obtaining financing, availability and cost of labour and materials. (To be continued...)

(Buyers should get professional advice, indeed early involvement of their lawyer, to ensure they fully understand the terms and conditions of a "pre-sale" contract and to identify any risks and uncertainties that might be involved).

TABLE 1: STATISTICAL TRENDS - ALL RESIDENTIAL (Greater Victoria and Other Areas)

QUARTER-TO-QUARTER COMPARISONS

	3rd. Qtr 06	3rd. Qtr 07	Change
Properties Listed	3376	3437	+61
Sales	1845	2234	+389
Avg. Sale Price	$425,838	$465,514	+$39,676
Median Sale Price	$380,000	$420,000	+$40,000
Ratio Sales Listings	.55	.65	+.10
Avg. Days to Sell*	51	46	-5
Sale Price as % of List Price*	97.6%	98.0%	-0.4%
Mortgage Rates (Posted 3 yr Fixed)	6.52%	7.30%	+0.78%

THE VICTORIA MARKET

As shown in Table 1, sales of "residential properties" (i.e., all types of housing excluding lots/acreage and commercial) through the Victoria Real Estate Board's MLS® were surprisingly strong in the 3rd. Qtr. of 2007. Indeed, it was the strongest 3rd. Qtr in sales since the boom period of the early 1990s. Sales of residential properties totalled 2234 compared to 1845 in the 3rd. Qtr. of 2006. Indicative of the current strength of the market, the figure of 2234 is 63% higher than the 1367 sales in the 3rd. Qtr. of 2000. **The sales to new listings ratio rose to .65 in the 3rd. Qtr compared to .55 in the 3rd. Qtr. of 2006.**

Both average and median sale prices continue to increase. The average sale price of a residential property in Greater Victoria and other areas was $465,514 in the 3rd. Qtr of 2007, up 9.3% from $425,838 in the 3rd. Qtr. of 2006. The median sale price was up a comparable percentage to $420,000. The figure of $465,514 compares with average residential sale prices of $587,483 in Vancouver, $423,801 in Calgary and $361,898 in Toronto for the month of August 2007.

All areas and sectors of the Victoria housing market were strong in the 3rd. Qtr. of 2007. Indeed, the market has inched back into "Seller's" market territory. The market was particularly strong for more moderately priced housing. For example, the sales to listings ratio for residential properties priced less than $420,000 was a very strong .80. Sales activity for single family dwellings (as measured by the ratio of sales to listings - see page 4) was particularly strong in the Districts of Victoria/Vic West, Oak Bay, Esquimalt, View Royal, Saanich East and West, and Colwood.

THE MARKET INVENTORY

As shown on Table 2, there were 2417 properties (including lots and acreage) active on the Victoria Real Estate Board's MLS® database for the Greater Victoria area (i.e., excluding the Malahat, Up-Island and the Gulf Islands) on Oct 1, 2007, down slightly from 2547 on Oct 1, 2006.

SINGLE FAMILY DWELLINGS (SFDS)

Sales of SFDs in Greater Victoria in the 3rd. Qtr. of 2007 totalled 1158, up significantly from 930 in the 3rd. Qtr. of 2006. As shown in Chart 2, the average sale and median sale prices continued to rise in the 3rd. Qtr. **The average sale price of SFDs in the 3rd. Qtr. of 2007 was $577,895, up 10.8% from an average of $521,490 in the 3rd. Qtr. of 2006**. Moreover, the median sale price was $516,250, up 13.5% from $455,000 in the 3rd. Qtr. of 2006. SFDs took an average of 38 days to sell in the 3rd. Qtr. of 2007, down slightly from 42 days in the 3rd. Qtr. of last year. The sales to listings ratio was a strong .68 in the 3rd. Qtr. compared to .53 last year.

CONDOMINIUMS

Condominium sales were strong in the 3rd. Qtr. of 2007 with sales of 605, up from 549 sales in the 3rd. Qtr of 2006. As shown in Chart 3, the average and median sale prices of condominiums have leveled off. **The average sale price for a condo was $312,680 in the 3rd.**

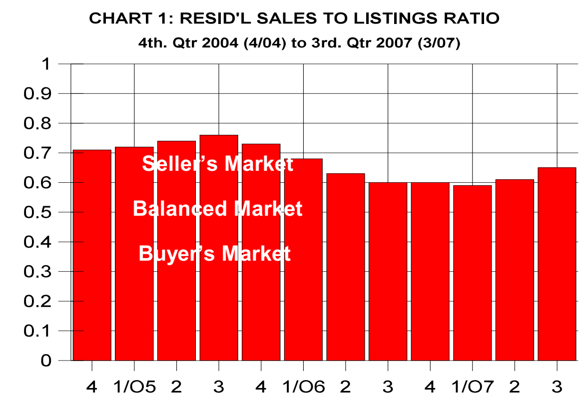
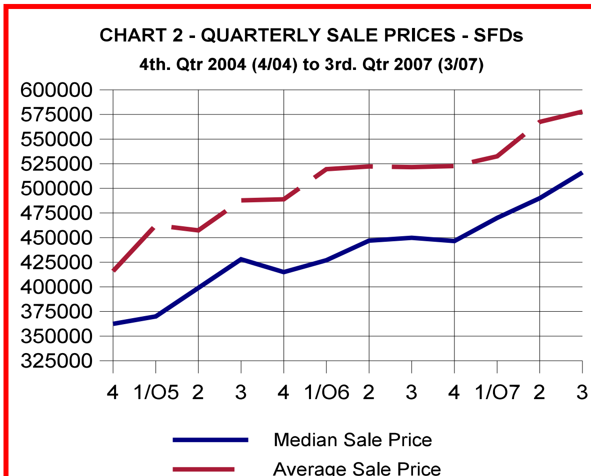
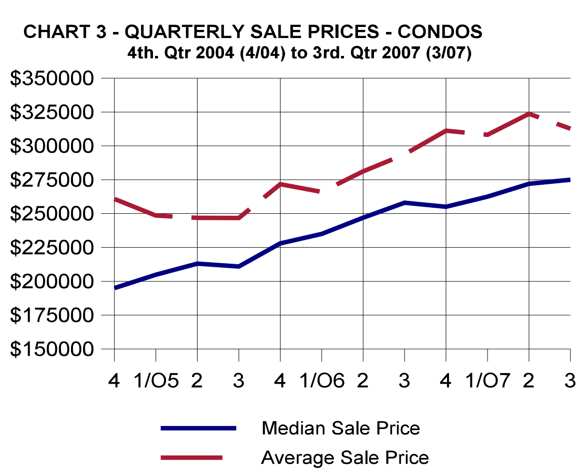


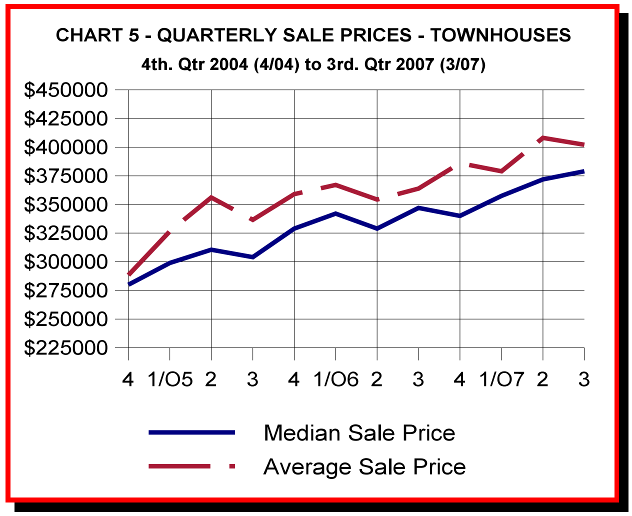
TABLE 2: INVENTORY - GREATER VICTORIA

Type of Property	Oct 06	Oct 07	Change
Single Family Dwellings	1196	1009	-187
Condominiums	860	815	-45
Townhouses	186	230	+44
Lots/Acreage	227	285	+58
Man Home/Rental Pad	47	61	+14
Duplexes (Revenue)	20	12	-8
Triplexes+ (Revenue)	11	5	-6
Totals	**2547**	**2417**	**-130**





Qtr. Of 2007, up a modest 6.4% from $293,759 in the 3rd. Qtr. of 2006. The median sale price was $275,000. Condos took an average of 47 days to sell in the 3rd. Qtr. of 2007, compared to 42 days last year. The sales to listings ratio was .67, compared to .57 last year.



TOWNHOUSES

Townhouse sales totalled 270 in the 3rd. Qtr. of 2007, up from 166 in the 3rd. Qtr of 2006. **The average selling price in the 3rd. Qtr. of 2007 was $402,122, up 10.5% from $363,883 in the 3rd. Qtr. of 2006.** Townhouses took an average of 46 days to sell in the 3rd. Qtr. of 2007, up from 38 days last year. The sales to listings ratio was .74.

LOTS/ACREAGE

Sales of lots/acreage have levelled off. There were 67 lots/acreage sold in the 3rd. Qtr. of 2007. The average and median sale prices were **$380,661** and **$290,000** respectively.

EAT WELL AND EAT LOCAL

One cannot help but notice how much the culinary scene has changed in the past ten years, whether it is dining out or the availability of the products grown or made locally that one can purchase. This is in no small part attributable to the influence of the Feast of Fields.

This year the Vancouver Island's 10th. Feast of Fields was held on Sept. 16th. at Keating Farm in the Cowichan Valley, 45 minutes north of Victoria. More than 50 of the island's top chefs, wineries and micro-breweries presented their offerings to the many visitors. This event serves as a reminder of just what the local area has in the way of culinary offerings for food and wine aficionados.

Feast of Fields originated with chefs Michael Stadtlander and Jamie Kennedy, the idea being to get urbanites out to the farm. This idea took roots on Vancouver Island when Mara Jernigan called a meeting of leaders in the local food community at Ravenhill Farm in 1998. The simple and underlying theme was to promote people to eat local, fresh, seasonal foods grown using farming practices that contribute to the health of the planet. Visit www.feastoffields.com .

Many of the local bistros, restaurants, and dining rooms, not only offer, but feature local ingredients on their menus. This includes such items as: halibut, wild salmon, crab, oysters, mussels, scallops, poultry from the Cowichan Valley, cheeses from Salt Spring Island and the Cowichan Valley and locally grown herbs, fruit and vegetables.

Most areas in Greater Victoria have community markets that offer local fruit and vegetables and locally made products. These include: Peninsula Country Market (Brentwood Bay), Sidney Summer Market, Esquimalt Community Market, Moss Street Community Market, James Bay Community Market, Vic West Farmers' Pocket Market, Luxton Station Market (Langford), Metchosin Farmers' Market, Sooke Country Market. Visit www.islandfarmfresh.com for details on times and places.

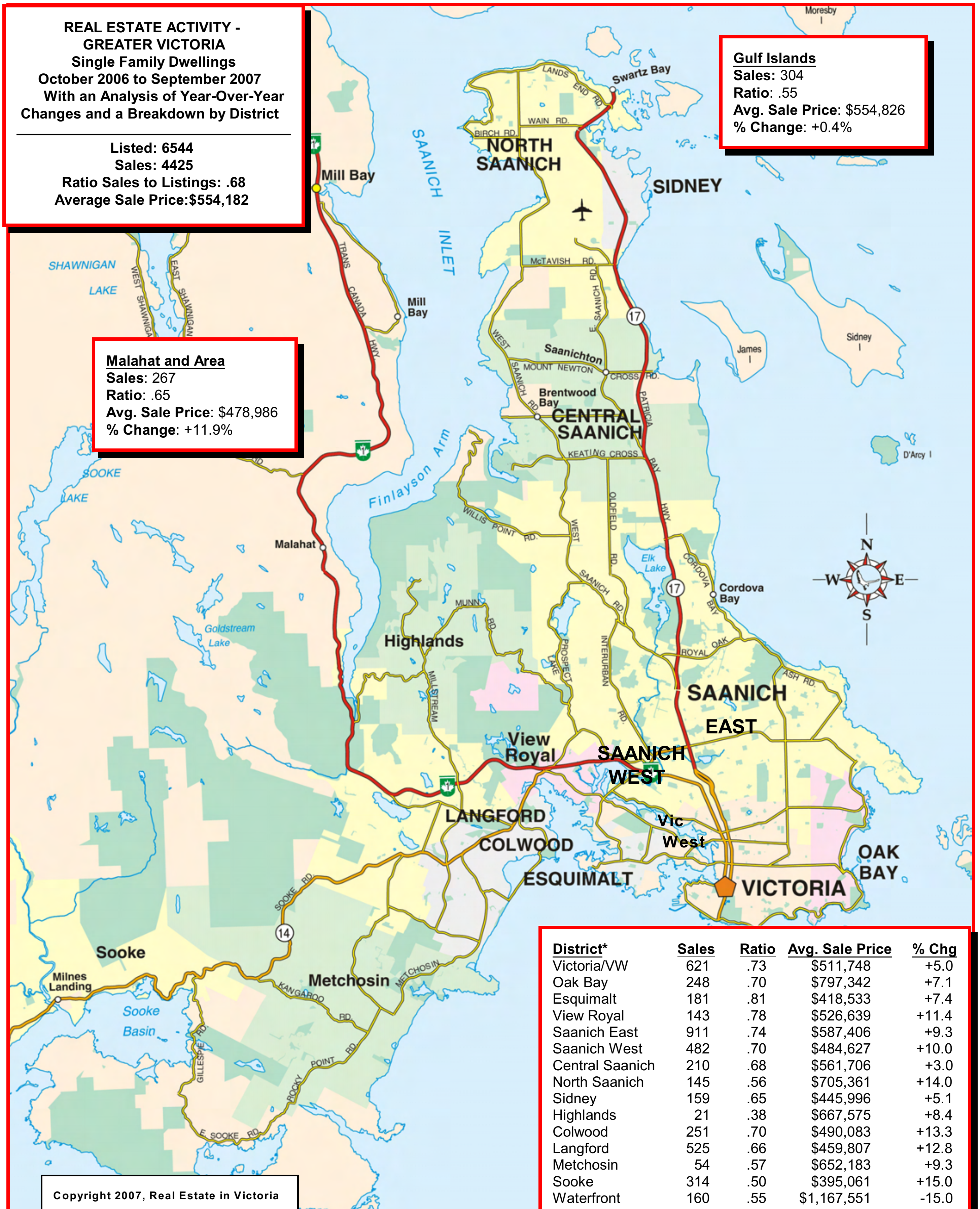





Real Estate in Victoria... I provide this newsletter to clients, customers and friends to help them keep informed of developments in the real estate market in the Victoria area. If you do not want to receive this newsletter in the future, please let me know. The information contained herein is based on sources which are believed to be reliable, but it is not guaranteed. The data and information outlined herein was derived from a number of sources including: the Victoria Real Estate Board and the Canadian Real Estate Association.

REAL ESTATE ACTIVITY - GREATER VICTORIA
Single Family Dwellings
October 2006 to September 2007
With an Analysis of Year-Over-Year Changes and a Breakdown by District

Listed: 6544
Sales: 4425
Ratio Sales to Listings: .68
Average Sale Price:$554,182



Gulf Islands
Sales: 304
Ratio: .55
Avg. Sale Price: $554,826
% Change: +0.4%

Malahat and Area
Sales: 267
Ratio: .65
Avg. Sale Price: $478,986
% Change: +11.9%

District*	Sales	Ratio	Avg. Sale Price	% Chg
Victoria/VW	621	.73	$511,748	+5.0
Oak Bay	248	.70	$797,342	+7.1
Esquimalt	181	.81	$418,533	+7.4
View Royal	143	.78	$526,639	+11.4
Saanich East	911	.74	$587,406	+9.3
Saanich West	482	.70	$484,627	+10.0
Central Saanich	210	.68	$561,706	+3.0
North Saanich	145	.56	$705,361	+14.0
Sidney	159	.65	$445,996	+5.1
Highlands	21	.38	$667,575	+8.4
Colwood	251	.70	$490,083	+13.3
Langford	525	.66	$459,807	+12.8
Metchosin	54	.57	$652,183	+9.3
Sooke	314	.50	$395,061	+15.0
Waterfront	160	.55	$1,167,551	-15.0
Totals	**4425**	**.68**	**$554,182**	**+7.6**

*District Avg. Sales Prices exclude sales of “Waterfront”