

White Rock/South Surrey Real Estate

HOMELIFE BENCHMARK REALTY

January 1/08 to December 31/08

CATEGORY	2007 SALES	2008 SALES	% CHANGE SALES	2007 LISTINGS	2008 LISTINGS	% CHANGE LISTINGS
Townhouse Sales	401	240	-27%	556	693	+24.6%
Average Price	\$458,589	\$461,678	+0.1%			
Apartment Sales	561	439	-21.7%	848	1042	+22.9%
Average Price	\$303,561	\$305,420	+0.1%			
House Sales	1072	678	-36.8%	1783	2259	+26.0%
Average Price	\$801,190	\$853,268	+06.5%			
Combined Total	2034	1407	-30.8%	3197	3994	+24.0%

Buyers Rule!!!

After six and a half years of a strong Seller's market, Buyers are ruling the roost in the local real estate scene. Individual Sellers are reducing prices and offering incentives such as bonuses to the Realtor who brings them the Buyer of their property. Builders are looking at creative financing and amenity packages to lure that hesitant Buyer to their product. Developers are wooing Realtors and Buyers alike with wine, cheese, bonuses and even price reductions as well as postponing not yet started projects or phases. Flippers are filling Craigslist with their soon-to-be completed strata units that they didn't intend to buy in the first place.

Statistically, the number of sales decreased 30% from 2007 figures, with house sales dropping the most at 36.8%. It now takes over 60 days on average to generate a sale on a property, and this figure does not take into account the number of days that a property might have been on the market with another Realtor and did not sell. It also does not account for the popular practice that some realtors use that involves cancelling their existing listing after it has become "stale" and re-listing it immediately so that it appears as a fresh new listing.

We have 73% more active listings at the end of 2008 than we did at the end of 2007 helping to contribute to a meagre 4.58% sales to active listings ratio for our little piece of paradise. Essentially this means that only four or five properties out of a hundred are selling every month so if you want to get your real estate sold you had better be one of the best priced of your competition. Year to date average prices do not reflect the actual decrease in sales prices accurately and while there is no foolproof way of determining the exact extent of the price

changes in the past year, it may be helpful to examine the Housing Price Index (HPI) for our area. The HPI is an indicator of price trends for a "typical" house which is defined by the residential property features that occur most frequently in our area. So while the Average Price of a house only showed a decline of 8% comparing December 2007 and December 2008 prices, the HPI declined 12.8% in 2008. So according to the HPI a house that may have sold for \$800,000 in December 2007, would theoretically sell for \$697,600 this past December. I know homeowners don't want to hear this, but keep in mind that the HPI is still 43.6% higher today than it was five years ago even after the 12.8% decline over the past 12 months. Some might argue that prices have dropped even further than that. While we are on the topic of using percentages to describe increases and decreases, remember that a 12.8% decrease followed by a 12.8% increase, will not put you back to square one. In the example I just used, if the HPI increases in 2009 by 12.8% the \$697,600 will become \$786,892, not the original \$800,000. This is not a huge difference but this fact is often overlooked especially by some stock analysts.

Now the question is when will they reach the bottom? Nobody can accurately predict that but it never hurts to examine past trends, so I have attached a graph that charts the average price of residential homes for the entire Fraser Valley from 1979 to the end of 2008. This graph would appear to indicate that we have further to go if we are to follow the trend established by previous years, but keep in mind these are average prices which seem to lag behind reality. I believe the worst is behind us and while further price declines

may be forthcoming, the current oversupply of existing product provides an array of choices that may not be available at the so called bottom of the market.

We experienced the biggest change in the market in the last four months of the year in large part to the worldwide financial crisis. During November and December our sales were down more than 50% compared to the same two months in 2007. I do not expect that trend to continue in 2009. I believe 2009 sales will be down approximately 10% compared to 2008 which should put us at the levels of 1998 to 2000. When supply and demand gets in better balance, probably by the end of the year we may see a bounce-back in prices and a more balanced market.

So if you are a Seller and you need to sell, don't mess around, the Buyer is now in control, price your property accordingly. If you are a Buyer do your homework and bargain all you want but don't be surprised if you have competition from other savvy buyers when you do find that perfect piece of real estate. Given the fact that December was just as busy as November (usually it isn't) despite the crippling weather, it appears that many Buyers are already taking advantage of the deflated prices.

Times like we are currently experiencing are filled with opportunities, spend time pursuing them instead of reflecting on past mistakes. Have a wonderful 2009.

Len Doray
Managing Partner
HomeLife Benchmark Realty Corp.,
Email: ldoray@homelifebc.com
Phone: 604-531-1111

Figures based on Fraser Valley Real Estate Board Multiple Listing Service Statistics