



Greater Victoria house prices reach new highs

June average for single-family house was \$573,415

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It's going to cost you about a half million bucks to buy a house in Greater Victoria.

The average price for a single-family home hit an all-time high last month at \$573,415 and the median price -- which is the midway price between least and most expensive homes sold -- peaked at a record \$501,500 during June, according to the latest figures from the Victoria Real Estate Board.

The six-month average also rolled in at a hefty \$553,323.

Although the June numbers are somewhat skewed by mixing in the sales of 23 homes over \$1 million into the calculations, affordability is becoming a major issue for many people.

The hardest hit are first-time buyers who are turning more and more to the condominium market for their little piece of the home ownership rock.

Condominium and townhouse median prices in the region last month swung between \$275,500 and \$379,900, respectively. The average price for the 241 condo sales in the region last month hit \$348,089 while 99 townhouses averaged \$406,606.

Builders are following the trend with more than 65 per cent of all new residential properties being built in Victoria this year on the multi-family side, a 25-per-cent increase from a decade ago.

With interest rates inching up and prices going nowhere but north, "we're seeing more first-time buyers squeezed out, particularly with houses," Cameron Muir, chief economist with the B.C. Real Estate Association, said in an interview.

Muir said even with the downpayment threshold lowered to five per cent and amortization stretched for up to 40 years, high prices are making home buying difficult for first-timers. And when they can find something they can finance and afford, he said it is often not in the neighbourhood or near the schools they would like.

"It's increasingly difficult," said Muir. "A \$500,000 home with \$50,000 down still

leaves a \$450,000 mortgage. With rates rising, that's a fairly big uptick in maintaining those costs."

Victoria Real Estate Board President Bev McIvor said nearly one third of the 949 sales of single family homes sold in Greater Victoria last month went for under \$425,000.

Still, with increasing interest rates (a five-year term is at 7.25 per cent) she said a lot of first-time buyers are either getting help from parents, looking for homes with in-law suites to help make their payments or shifting to the condominium market, where prices are pushing higher on the increased demand.

"People just want to get into the market," she said. "So we're seeing more of them looking at condos as the way to go."

Muir said parents are often helping with extra costs associated with homeownership, including mortgage insurance, legal fees and home inspections.

He said although housing prices are the highest they've ever been, "they are still low from a historical perspective." "You just have to look back at 1981 when the interest rates were 21.5 per cent," said Muir.

He said a booming B.C. economy with record low unemployment rates, more people working than ever before and upward pressures on wages is offsetting some of the erosion in affordability.

Multiple Listing Sales last month in Greater Victoria included 530 single family homes, 241 condominiums, 99 townhouses and 22 manufactured homes.

The 949 sales in June were slightly lower than the 963 sales in May, but 25 per cent higher than the 762 sales in June 2006.

There were 3,550 properties listed for sale through MLS last month, up 13 per cent from the 3,147 properties in the same month a year ago.

Saanich East led the way in June sales with 107 transactions, averaging \$612,073.

There 69 sales in Victoria with a \$507,044 average, 59 sales in Langford averaging \$473,337 and 50 sales in Saanich West averaging \$507,912.

In Oak Bay, 27 homes sold for an average of just over \$1 million.

In Sooke, 30 homes found new buyers and those averaged \$429,503.

There were 11 sales of waterfront properties in region which averaged \$896,500.

Twenty homes sold on the Gulf Islands (\$411,000 average) and 10 at Shawnigan Lake/Malahat (\$364,910).

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