



Royal LePage predicts mere 4% rise for house prices

National realtor's forecast is lowest of several notable projections

Derrick Penner

Vancouver Sun

Tuesday, December 18, 2007

National realtor Royal LePage has posted the lowest of four forecasts for Metro Vancouver real estate prices in 2008, predicting price increases of four per cent.

Royal LePage released its forecast Monday, which included an estimate that some 37,000 homes -- representing a 4.5 per cent dip in sales -- will trade hands and the average value will top \$587,000.

"I think most forecasters are expecting the market to moderate in 2008," Cameron Muir, chief economist for the B.C. Real Estate Association said in an interview.

"Obviously Royal LePage is seeing a little bit more moderation than [the B.C. Real Estate Association] in terms of price increase."

Muir's forecast on behalf of the B.C. association is an eight-per-cent increase in home prices to to \$620,000 and an overall four-per-cent decline in sales.

"We, to this date, haven't seen [sales and prices] leveling out quite that much," he added. Muir said, especially since the short-term trend reflects rising sales and prices.

Canada Mortgage and Housing Corp. analyst Robyn Adamache, in November, released the highest forecast for Metro Vancouver price growth estimating prices will climb nine per cent in 2008.

The Re/Max 2008 housing outlook suggested Metro Vancouver's 2008 average home price to rise seven per cent.

Credit Union Central of B.C. chief economist Helmut Pastrick had the next lowest 2008 forecast calling for prices to rise 5.1 per cent over the year.

Muir said sales across B.C. will top 101,000 transactions in 2007, the strongest year on record after 2005 when the province saw 106,000 sales cleared through the Multiple Listing Service.

He also expects to continue seeing high levels of activity driven by baby

boomers cashing in and reinvesting the equity they've earned in their homes over recent years.

Bill Binnie, president of Royal LePage Northshore, North Vancouver, said a combination of moderate interest rates and strong job and income growth are expected to prevail in 2008, which should help support the market.

"Vancouver is a favoured place to move to right now and that will keep house prices rising, a trend expected only to intensify as we inch closer to the Olympics," Binnie added.

The Royal LePage report said that the company expects first-time buyers to be "the most active purchaser group" in 2008, with the regional trend toward condominium construction.

Muir said that "there is no question first-time buyers are being squeezed" by Vancouver's extremely high prices, but the region's condominium craze still gives many of them something to buy.

depenner@png.canwest.com

MAKIN' A FORECAST LIST

Moderation is the expectation for Metro Vancouver's real estate markets in 2008. Most of the major forecasts call for slower sales and lower price increases. Here is the list.

ROYAL LePAGE

Unit sales: 37,000

Avg. price: \$587,500 +4%

CANADA MORTGAGE AND HOUSING CORP.

Unit Sales: 37,200

Avg. Price: \$623,000 +9%

B.C. Real Estate Association

Unit sales: 36,100

Avg. price: \$620,000 +8%

RE/MAX

Unit sales: 37,700

Avg. price: \$560,000 +7%

Credit Union Central B.C.

Unit sales: 34,500

Avg. price: \$597,000 +5%

© The Vancouver Sun 2007

CLOSE WINDOW

Copyright © 2007 CanWest Interactive, a division of [CanWest MediaWorks Publications, Inc.](#) All rights reserved.