



Lower Mainland house prices slide in September

Benchmark price for detached home has declined 5.8 per cent since the days of May

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House prices, which began slipping in May, have now erased all gains made in the past year in most markets across the Lower Mainland, the region's real estate boards reported Thursday.

The Real Estate Board of Greater Vancouver reported that its so-called benchmark price for a typical detached house in September has declined 5.8 per cent since May and, at \$726,331, rests 1.6 per cent below the September 2007 benchmark.

The year-over-year price changes vary by market, from up 3.6 per cent in Richmond where the benchmark was \$754,481, to down 20.4 per cent in Port Moody where the benchmark was \$619,891 in September.

Benchmark price refers to a so-called typical home sold during the month versus the average price of all homes sold.

Uncertainty over U.S. financial markets and the Lower Mainland's already high prices were cited as key factors weighing on the market.

"It's still confidence and high home prices that are driving lower sales and higher listings," Robyn Adamache, an analyst with Canada Mortgage and Housing Corp. said in an interview.

"I think it's more of the same of what we've seen over the past couple of months."

Adamache added that the average price of a Greater Vancouver home across all property types has hovered below 2007 levels since July, which was the first time prices posted a year-over-year decline since January 2002.

September Multiple Listing Service sales within the REBGV's area were up slightly from August, but the 1,585 units moved represented a 43-per-cent decline from September 2007.

And for the year-to-date, REBGV sales of 21,464 homes were down 29 per cent at the end of September from the same nine months of 2007.

Adamache added that the REBGV's 21,464-unit inventory of unsold homes at the

end of September was the highest number under Canada Mortgage and Housing's records that stretch back to 1985.

REBGV president Dave Watt added that generally, "it appears that truly our market, that we've been complaining was becoming unaffordable, has adjusted to reflect that [unaffordability]."

Watt said he could not project the market's future, but "until we see some consumer confidence regained, we'll see [a market] that's very similar."

Watt added that while September sales across the REBGV region were down across all property types, September condominium sales were not down as steeply as detached homes or townhouses, "and that plays into [the affordability factor]."

In the Fraser Valley, the September average MLS detached home price of \$522,816 was 2.4 per cent below the average price in the same month a year ago.

Year-over-year price changes on detached homes ranged from up 4.3 per cent in North Delta to down 6.3 per cent in Abbotsford.

Total MLS sales of all property types across the Fraser Valley declined 26 per cent in September to 980 compared with the same month a year ago.

Meanwhile, the Fraser Valley's inventory of unsold homes rose to a new high of 12,379, up 56 per cent from the same month a year ago.

"Although our economic fundamentals remain solid, it's fair to conclude that the U.S. financial situation is affecting consumer confidence here," Kelvin Neufeld, president of the Fraser Valley Real Estate Board, said in a news release.

September's decline in sales and slip in prices across the region are in keeping with forecasts, said Tsur Somerville, director of the centre for urban economics and real estate at the Sauder School of business at the University of B.C.

"Prices are clearly falling," Somerville said, "which is certainly something that people have talked about as needing to happen."

What happens next will depend on whether the crisis in American financial markets drags the U.S. into a deeper recession, which in turn drags other economies down with it, he said.

Somerville said what happens in Vancouver's market for pre-sale condominiums is another unknown.

"Do investors who bought downtown condo [pre-sales] hold them, or try to dump them?" Somerville said. "That's really where your big questions are."

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