

BUSINESS BC

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Buyer's market

House hunters took control of most B.C. real estate markets in June. Here's a comparison of June 2009 with the sales and inventories in June 2010 across the 12 real estate board regions in B.C.

Region	Sales	Inventory	Region	Sales	Inventory
B.C. Northern	405 -5.6%	3,277 +8.3%	Northern Lights	56 +60%	310 +21.9%
Chilliwack	224 -10.4%	1,684 +17.7%	Okanagan Mainline	471 -26.9%	7,378 +10.8%
Fraser Valley	1,681 -10.4%	9,329 +24.5%	Powell River	22 +4.8%	279 +32.2%
Greater Vancouver	3,046 -29.5%	18,752 +30.6%	South Okanagan	141 -22.1%	2,141 +14.1%
Kamloops	207 -24.2%	2,323 +8.9%	Vancouver Island	670 -16.4%	6,491 +13.1%
Kootenay	216 -8.1%	3,372 +14.1%	Victoria	583 -35.6%	3,828 +31.7%

Source: B.C. Real Estate Association



VANCOUVER SUN GRAPHIC

REAL ESTATE

B.C. is homebuyers' territory

Active listings sit at the highest level since March 2009, economist says

BY DERRICK PENNER
VANCOUVER SUN

When Maple Ridge's Monika Novosadova went house hunting this spring, she faced an embarrassment of options, looking at 28 homes before putting an offer down on a three-bedroom, single-family home at the end of June.

And it was a shrewd offer since she faced a buyer's market, like much of British Columbia in June, with rising inventories and declining sales putting home-hunters more in control.

"I felt I had cards in my hand because it was a buyer's market," Novosadova said in an interview. "And I felt fairly confident the price could be negotiated down."

So the single mother wound up getting the house in a "perfect family neighbourhood" for \$421,000, not the \$429,900 it listed for.

Now she's excitedly looking forward to moving into the

home in September with her 10-year-old daughter. Her realtor Ron Antalek said Novosadova's experience is typical.

"There's not the necessity of multiple offers and competing bids," Antalek said. "People are able to shop. They have time to compare."

Across B.C. in June, realtors recorded 7,722 sales through the realtor-controlled Multiple Listing Service. That was down 22.5 per cent from the same month in 2009, the period when the biggest markets were just heating up again.

Active listings in inventory climbed almost 21 per cent to hit 59,232 units in June, which equalled a 9.3-month supply based on the pace of sales, said Cameron Muir, the B.C. Real Estate Association's chief economist.

Muir said the key influences in June were simply an extension of the ones that have dampened demand since they took hold in April: tougher qualifying rules for some mortgages, particularly for first-

time buyers and those seeking secondary suites, and a shift in long-term mortgage rates.

Plus, Muir added, the hot buying activity at the end of 2009 lured in many buyers who might have waited until now to purchase, which further reduced demand.

"I don't know if there's anything surprising about it, but we've seen a transition, in Vancouver in particular, from a seller's market at the start of the year to a buyer's market in the summer," Muir said.

The experience, however, differs depending on which region homebuyers are looking in.

Victoria saw the biggest decline in June sales, down almost 36 per cent from June 2009, but it was closely followed by Metro Vancouver, where sales were down almost 30 per cent, and the region around Kelowna and Vernon, where sales were down almost 27 per cent.

As for whether B.C.'s markets are simply shifting balance or heading into a deeper

correction, Muir believes buying activity is likely to increase again in the fall, but not enough to put dramatic pressure on prices.

The average B.C. home price, across all home types, hit \$499,908 in June, up 8.2 per cent from the same month a year ago, but slightly off the average of \$504,281 over the first six months of 2010.

Muir said home inventory levels sit at the highest they've been since March 2009. He said they are "at or near the peak as to where they're going to go."

Cameron McNeill, a new-project marketer with MAC Marketing Solutions, said that while sales have slowed, the decline is nothing like the collapse of sales that was experienced in late 2008 and early 2009.

"We've got 15, 17 projects open [for sales] and we're doing deals on all of them," McNeill said.

depenner@vancouver.sun.com

ELECTRICITY

More than half of B.C.'s private power projects expected to fail

BY SCOTT SIMPSON
VANCOUVER SUN

A 2006 British Columbia government initiative to boost the province's supply of electricity has turned out to be an ill-fated venture for the majority of entrepreneurs who participated in it.

Documents recently filed with the B.C. Utilities Commission show that BC Hydro expects the attrition rate among independent power producers who four years ago were awarded electricity supply contracts to reach 63 per cent.

Hydro says some projects that are technically still active will be abandoned as rising construction costs over the past four years make them too expensive to pursue, while others have already been cancelled. At least one of the projects on the original list of 38, Dokie Wind, required a secret government-ordered bailout to proceed. Two coal-fired generating projects accepted in 2006 were subsequently eliminated after the B.C. Liberals decided all new electricity supply sources in B.C. must have zero net emissions of greenhouse gas.

Most of the failed and stalled projects are run-of-river hydro.

When then-energy minister Richard Neufeld announced the contracts in July 2006, it

was expected that they would provide B.C. with 7,100 gigawatt hours per year of electricity, enough to supply 700,000 homes. Neufeld said the new power would help move BC Hydro away from dependence on imported electricity — by 2010. Hydro originally planned to solicit bids for 2,000 gigawatt hours per year of new electricity supply. "There was a fair amount of arm-twisting of both Hydro and the [utilities] commission by the minister, who was Neufeld then," Jim Quail, executive director of the B.C. Public Interest Advocacy Centre, said in a telephone interview.

Quail noted that the subsequent unforeseen global economic meltdown was probably a factor in the number of projects that have foundered.

NDP energy critic John Horgan said the 2006 call was part of an "ideological drive" by the government — "and if everything kept growing it might have worked."

Horgan said the Clean Energy Act passed by the Liberals in the most recent sitting of the legislature shows a similar tendency to lock BC Hydro into a specific agenda for expanding its resources in years to come. "All of the wishful thinking in the world doesn't change the world's economic outlook," Horgan said.

ssimpson@vancouver.sun.com

MINING

Colorado firm buys B.C.'s Mt. Milligan copper-gold mine

Colorado-based Thompson Creek Metals announced Thursday a \$650-million deal to purchase 100 per cent of Vancouver's Terrane Metals.

Terrane is the developer of the \$915-million Mount Milligan copper-gold property, one of British Columbia's most advanced mining projects.

The open-pit mine is scheduled to open in 2012, employing 400 full-time workers for at least a 22-year operational life.

Terrane had previously obtained \$100 million in financing to move through early-stage construction of the mine, and has finalized contracts for major mining equipment.

Thompson owns working mine facilities in the U.S. and Canada, including the Endako molybdenum mine near Fraser Lake in northern B.C.

Endako is located about 150 kilometres southwest of Mount Milligan.

Terrane shareholders are being offered the equivalent of \$1.41 per Terrane share, including 90 cents per share for Terrane shares plus 0.052 Thompson shares.

In a joint news release, Thompson and Terrane suggested that the deal represents a 21-per-cent premium to Terrane's recent trading price.

Scott Simpson, Vancouver Sun

ONLINE

Digital Life

Read BusinessBC reporter Gillian Shaw's technology blog at vancouver.sun.com/digitallife

INSIDE | C2

Inside the deal

What did it take for Postmedia Network Inc. CEO Paul Goufroy's group to win the Canwest sweepstakes? How the deal took shape.



SATURDAY

Fitness a challenging business

Metro Vancouver could be considered prime ground for fitness centres, but it's a demanding field. Despite the risks, more people are getting into the business every month.



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