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MARKET REPORT - August 2007

Last update: **August 19, 2007**

Click to see: [2006 in Review](#)

MARKET OVERVIEW - Greater Victoria:

In **AUGUST 2007** we are experiencing strong sales activity in Greater Victoria with a new single family home price seen in July 2007 at \$574,753, chasing on the heels of June's record of \$573,415. A wide choice of properties is available for buyers (reaching 3,550 properties for sale in June 2007 -- the highest in 6 years -- still high at 3,402 in July). This is coupled with strong demand for homes (especially where realistically priced), showing the highest June and July sales tallies in 15 years (949 in June, 922 in July). Prices were previously expected to increase overall 3% to 5% by year end, but it looks to be a higher level than that now.

Market activity was strong in June and July. In May there was a peak number of sales for any given month (963 sales of all property types). Single family home pricing has been increasing all year. Prices for townhomes and condos are currently below the records.

- **single-family home** average price record is \$574,753 (record set in July 2007);
- **townhomes** set their average price record at \$435,408 (Dec. 2006), with prices in 2007 holding over the \$400,000 mark -- in July 2007 prices averaged at \$404,493;
- **condos** set their average price record at \$359,742 (Nov. 2006) -- in June 2007 prices averaged lower than that at \$348,089 but that is a higher price than seen for condos through most of 2007 (July's condo average was \$306,537).

Upward movement of mortgage interest and consumer debt-carrying rates is pushing the real estate market to a greater level of activity than expected for summer months.

The nationwide strong pricing and upward market activity of the past 3 years held the longest in Greater Victoria; this has been due to our unique market conditions (including a highly desirable climate and small-city ambience). **To put this year's price increases in perspective**, note that in 2006 the overall average price for single family homes for the year rose by 12.5% to \$521,460 (we are now at a higher 6-month rolling average of \$560,393 as of July 2007). The average for



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condominiums rose by 13.6% to \$286,058 last year (we are now at a 6-month rolling average of \$311,871 as of July 2007). The average for townhomes rose by 6.3% to \$366,080 in 2006 (with the present 6-month townhome average nearing the \$400,000 mark, in July 2007 being at \$398,160).

The 35-year and 40-year mortgages first introduced in 2006 are helpful for first-time buyers. There is also a fairly new option for a 5% down payment when buying a house that includes an in-law suite (available from both CMHC and Genworth) as well as new lending rules for self-employed homebuyers.

Property assessment values went up about 15% between 2006 and 2007 in the Greater Victoria area. While inflation makes a million dollars seem like a lot of money, recognition of the increasing land values in this region should be taken into consideration. According to data from LandCor Data Corp., in the past year 317 single-family homes in the Oak Bay municipal area of Greater Victoria surpassed the million-dollar mark, along with 242 in Saanich. There are now 2,346 single-family homeowners in Greater Victoria with homes valued on paper at over \$1 million (a 57% increase from the previous year).

INVENTORY:

The level of properties available for sale (all types) set a record of 3,550 in June 2007, up from 3,462 in May 2007, and 3,305 in April. All those figures are up over 19% from one year ago. The June tally is the highest in almost 6 years, surpassing the peak of 3,449 (see in September 2006). In July the inventory held strong at 3,402. High inventory indicates a strong interest by current homeowners to sell their present properties, yet we could be seeing a buyer's market due to pressure by mortgage interest rates to keep list pricing within affordable levels.

HISTORICAL 2005-2006: The inventory of homes for sale that increased slowly throughout 2005 surged upward in March-September 2006. In January 2006 the inventory started at 2,187 properties for sale (a 7% increase over Jan.2005). By February 2006 the inventory of 2,320 properties represented a 10% increase over February of last year. In March 2006 the inventory of 2,480 properties showed a 22% increase over March last year. In April 2006 there were 2,627 properties for sale, an increase of 25% over April's inventory last year. In May 2006 there were 2,903 properties for sale (two new multi-family projects were listed). By June 2006 there were 3,147 properties for sale (35% higher than the June 2005 tally). In July 2006 the inventory reached 3,318 (46% higher than in July last year), and 3,345 properties for sale in August 2006. In September 2006 there were 3,449 properties for sale, bringing inventory to its highest point in over 2 years (42% over Sept. last year). In October the inventory was on par with September -- still high -- at 3,426 residential and commercial properties for sale.

PRICING OVERVIEW:

The 2007 market has shown steady increases in single-family house pricing, steady-state with condo prices, and a stable performance for townhomes over the \$400,000 price point. At first, single family homes took over a year to set a new price record, with June's \$573,415 surpassing April 2007's \$568,710 then-record, and then July moving further upwards to \$574,753.

Condo prices spiked twice last year -- once in the July/August period and again in November 2006. Condos set their last average price record in November 2006 at \$359,742 (averaging lower in June 2007 at \$348,089). Condo pricing has not surged upward in 2007 (July's average was \$306,537).

Townhome prices peaked in July/August, November, and again in December 2006 with a record of \$435,408. Townhome average sale pricing fluctuated in the \$360,000 to \$390,000 range in the first part of 2007; townhomes have averaged over the \$400,000 mark since May 2007 (July's average being \$404,493).

Townhomes have not set new records in 2007 but prices have held over the \$400,000 mark since May 2007.

SALES VOLUME:

In May 2007 there were 963 sales through the Victoria Real Estate Board (a new record). June's tally of 949 sales was a record for that month for the past 15 years, as was July's tally of 922 sales. The highest sales volumes are usually seen in spring, so this is evidence of a highly active summer market.

PROPERTY TYPES IN FOCUS:

SINGLE FAMILY HOMES: The average selling price of single family homes in July 2007 was \$574,753 (453 house sales), up from June's \$573,415 and May's \$560,574. Prices have steadily moved upward this year, starting at \$511,192 in January (222 houses sold), jumping to \$534,101 (349 houses sold) in February, rising yet again in March to \$542,504 (424 houses sold). It took the market a year to surpass the previous peak average price of \$565,217 seen in March 2006.

In the central Victoria/downtown area the average single family home selling price was \$515,941 (up from June's \$507,044). That is lower than \$540,840 seen in May 2007, and well down from April's \$559,253, March's \$531,082 and February's \$561,508.

The Greater Victoria 6-month rolling average price in July 2007 was \$560,393, steadily up from June's \$553,323 and May's tally of \$544,321. The year's rolling averages have seen steady increases: April at \$538,534, March at \$528,113 and February at \$527,103.

Single-Family Waterfront (year to date): In January 2007 the waterfront average home prices were just over the million dollar mark at \$1,053,208 and in February came in at \$1,196,364, reaching \$1,378,834 in March and settling back at \$1,195,354 in April. In May 2007 waterfront homes averaged in the same range, at \$1,131,630. In June 2007 single family waterfront fell below the million-dollar mark to \$957,976, but bounced back in July to \$1,282,863. The record waterfront average price for single family homes in this region was set in Dec. 2005 at \$2,766,571. The 6-month rolling average at July 2007 was far below that at \$1,181,661.

See 2-year single-family homes sales graph.

CONDOMINIUMS:

The condo average in July 2007 was \$306,537 which is significantly lower than June's \$348,089, but on par with May's \$301,783. June's figure was close to the record of \$359,742 (Nov. 2006). Dynamic action in the condo market indicates fluctuations in the amount of new product for sale in any one month's profile.

In the central Victoria/downtown area the average condo selling price was \$294,049 in July 2007, on par with May's \$299,685.

The 6-month regional condo average in July 2007 was \$311,871. It has been holding in that general range since April (June 2007 was \$316,226, May averaged at \$307,006, and April at \$315,646).

Condo Waterfront (year to date): Waterfront condo prices saw a new record of \$1,038,561 set in January 2007. An upward trend for waterfront condo prices was seen throughout 2006, reaching \$480,440 in November, and resting at \$404,863 in December 2006. So that's a huge jump to the January 2007 price. In February 2007 the waterfront condo prices were back in the lower range at an average of \$364,770, and then even lower in March 2007 at \$250,892 but stayed over the \$580,000 mark in at \$582,713 in April 2007, \$588,282 in May, and \$586,350 in June. Monthly averages depend mostly on the type of units sold in a given month. The 6-month waterfront rolling average in June 2007 was \$546,781, up from May's \$525,111 and April's \$503,982. But in July the waterfront condo 6-month average fell to \$475,893.

See 2-year condo sales graph.

TOWNHOMES & STRATA DUPLEXES: In July 2007 the average price of townhomes and strata duplexes was \$404,493 (on par with June's \$405,693). Pricing has been holding above the \$400,000 mark since May this year. The record was set in Dec.2006 at \$435,408.

There appears to be a trend for (probably mostly local buyers) choosing townhomes over single family homes when a buyer's price ceiling for single family homes is reached or when a baby-boomer family/couple is downsizing (now an established trend). The convenience and lower maintenance costs of townhome strata living is possibly also a factor.

In the central Victoria/downtown area the average townhome selling price was \$410,764 in July 2007, down a bit from June's \$423,940 as well as April's \$418,849 and \$427,638 as seen in March.

Townhome Waterfront (year to date): The average waterfront townhome sold for \$490,000 in July, down from June's \$686,250, but certainly higher than May's \$461,500. The 6-month townhome waterfront average in July 2007 was \$591,487.

See 2-year sales graph.

MANUFACTURED HOMES: In June 2007 manufactured average sale pricing dropped to an average of \$88,998. That was well below the record average price seen in April 2007 at \$153,646. The 6-month average for manufactured homes was \$121,284 in July 2007.

HISTORICAL 2005-2006: Manufactured homes have in the last two years become increasingly popular as an affordable housing style in Greater Victoria. Toward the end of 2005 the average month's sale price had finally topped the \$100,000 mark. Then new record pricing for manufactured homes was set in September and October 2006 (at \$122,908 and \$122,900 respectively). In November 2006 prices relaxed to a monthly average of \$95,595 but in December 2006 shot up to \$136,000.

The most significant movement in manufactured home pricing occurred in summer 2006 when an average monthly price increase of about \$3,000 was seen. That was followed by a jump of over \$13,000 in average pricing comparing the September/October previous highs to the new December peak pricing.

LOCATIONS: Most of the upward push on manufactured home prices is taking place in View Royal, Sooke, Sidney, and Langford, as well as in Central Saanich to some extent.

MARKET TIPS for the Victoria area: Homeowners continue to list their properties with confidence in 2007. Homes that have been renovated or upgraded -- especially with new kitchens/bathrooms, additional accommodation, weather-proofing, seismic reinforcements, or alternative energy features -- are the best bet for strong sales pricing. In this coastal region, property with waterfront/oceanfront or water views is always popular. Fixer-uppers are always an attractive buy, especially with investors.

While housing starts and sales elsewhere in Canada showed signs of slowing down during spring 2006, it took the strong Greater Victoria market until July 2006 to show any noticeable downward change in sales volume. The strong economy in BC and the particularly strong buyer interest in beautiful Victoria will likely maintain relative strength in this market (volume sales and pricing peaks). The 35-year and 40-year mortgages (available since March 2006) enable many first-time homebuyers to enter the marketplace. Many baby-boomers are now downsizing to smaller homes which serves to increase the demand for condos and townhomes.

The value of real estate is strong when compared to other investments and high prices are not deterring the market from experiencing high sales volumes. We may expect a continued steady marketplace to continue until interest rates show signs of further increases to levels that tend to diminish affordability for the average buyer.

Sales Volume and Average Prices

(Patricia Parkins' selected map areas):

MLS - **Greater Victoria**, BC

July.2007	Houses	Condos	Townhomes
GREATER	453	240	102

VICTORIA REGION	\$574,753	\$306,537	\$404,493
Overall Average	(new record in Junly 2007)	(record \$359,742 in Nov.2006)	(record \$435,408 in Dec.2006)
Victoria (includes James Bay, Fairfield, Fernwood, downtown)	58 \$515,941	99 \$294,049	11 \$410,794
Esquimalt	14 \$446,925	10 \$316,840	3 \$368,833
Vic West (includes the Songhees)	5 \$433,880	13 \$474,154	3 \$288,000
Saanich East	98 \$602,226	44 \$287,604	35 \$421,026

Mortgage Interest Rates:

Rates started climbing again in June, but were lower at July 3/07. Other than the 5-year variable new closed rate (which increased to 5.75% at the TD), the term rates were steady at August 2.

HISTORICAL: At January 4, 2007 the rates remained unchanged from December 2006, but at mid-January increased by .1 for most terms. Rates were virtually unchanged during February/early-March 2007, increased slightly in April and remained steady (at that slightly higher rate) at the beginning of May. By the end of May the 5-year closed fixed rate was up over the 7 percent level.

TD Bank - mortgage rates - as at Aug.17/07

1 yr. (open) - 9.200%
1 yr. (closed - fixed rate) - 7.150%
2 yr. (closed - fixed rate) - 7.300%
3 yr. (closed - fixed rate) - 7.300%
4 yr. (closed - fixed rate) - 7.300%
5 yr. (closed - fixed rate) - 7.240%
5 yr. (variable new closed rate) - **5.750%**
7 yr. (closed - fixed rate) - 7.550%
10 yr. (closed - fixed rate) - 7.900%

Previous Years in Review:

Overview 2006: [Click here](#) for 2006 historical market information.

Overview 2005: [Click here](#) for 2005 historical market information.

Overview 2003-2004: [Click here](#) for 2003 and 2004 summaries.

Call PATRICIA PARKINS today for more information about the value of your property, or the available properties for purchase in your price range. **Phone 250-385-2033.**



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