

## REAL ESTATE

# Hot property markets keep sizzling

Greater Vancouver sales in June of detached houses 28 per cent higher than last year

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VANCOUVER SUN

Lower Mainland house prices hit record highs in June, particularly in Metro Vancouver north of the Fraser River, as hot spring sales appear to be spilling over into summer.

The average price of typical detached homes sold topped \$1.12 million, the Real Estate Board of Greater Vancouver reported Friday, as overall sales through the Multiple Listing Service hit a June record of 4,375 units. That figure was 28 per cent higher than last June and also the second-highest number of sales for any month.

In the Fraser Valley, overall sales were up 45 per cent at 2,413 units for the month in "the strongest residential market we've experienced since 2005," and the fourth-busiest month ever for the region, said Jorda Maisey, president of the Fraser Valley Real Estate Board.

It is a seller's market when a sales are more than 20 per cent of overall inventory over a sustained period. In Greater Vancouver that figure was 36 per cent for June, and in the Fraser Valley it was 30 per cent.

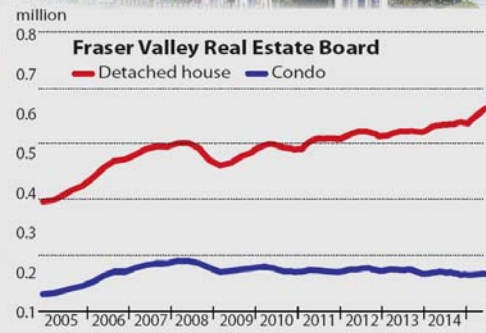
"Demand in our detached-home market continues to drive activity across Metro Vancouver," said Darcy McLeod, president of the Real Estate Board of Vancouver.

## Houses rule

Price gains "are no surprise, given the fact that single-detached homes in Metro Vancouver are becoming a smaller and smaller proportion of the housing stock," said Cameron Muir, chief economist for the B.C. Real Estate Association. "You have a growing population, more households bidding on a finite number of homes for sale."

## Scorching Metro home sales send house prices soaring

Lower Mainland property markets had record-setting sales in June, with corresponding jumps in prices, particularly for detached homes, and particularly in communities north of the Fraser River in the Real Estate Board of Greater Vancouver's territory. While the debate rages on about how much offshore capital is influencing Metro Vancouver real estate, the charts below show the divergence in values: as detached houses become a scarcer commodity, prices are being bid up in a period of hot demand while prices on an expanding number of condos remain more stable.



Source: Real Estate Board of Greater Vancouver, Fraser Valley Real Estate Board.

Notwithstanding the debate raging in the city over how much offshore capital is influencing property markets, McLeod said the REBGV saw "more detached-home sales in the region than we've seen during the month of June in more than 10 years."

And looking back over 10 years, even with a dip in property values during the 2009 recession, pricing data from the real estate boards show considerable gains.

In Greater Vancouver, gains in detached-home prices have been 107 per cent in total since 2005. In the Fraser Valley, the gains were 63 per cent.

The picture for houses, however, is skewed by the top-end of the market — high-end house sales in central locations of Vancouver — said Robyn Adamache, principal market analyst for Vancouver at Canada Mortgage and Housing Corp.

In central locations of Vancouver, prices "are really disconnected from local incomes," Adamache said.

## The condominium question

Meanwhile, condominiums have not experienced anything like the escalation in prices that houses have.

Over 10 years, Greater Vancouver condo prices by June of 2015 were up 61 per cent. In the Fraser Valley, June prices were 36 per cent higher than they were as 2005 began.

However, pricing looks more stagnant when you factor in the 2009 recession. Adamache said condo prices in Greater Vancouver since 2010 were up just six per cent from their previous peak in 2008, compared with the 40 per cent that detached-house prices have risen from their previous peak.

"The number of apartments in (Metro) Vancouver doubled from 2001 to 2011, while the number of single-detached homes has remained the same, and in fact declined by about 1,000 units (over the same period)," said Muir.

"Apartment prices, essentially, over the past five years, have not grown much more than the rate of inflation," Muir said.

As of May in the Fraser Valley, condominium prices had not regained previous peak levels compared with detached houses, Adamache said.

## Speculation seen as factor

Speculation has also been noted as a factor driving prices higher, with Vancouver Mayor Gregor Robertson and condo marketer Bob Rennie calling for a special tax to discourage house flippers, but there is little

hard data to prove that this is happening.

In May, The Sun reported on a flurry of 23 purchases in West Vancouver that were quickly re-listed for substantially higher prices, but Muir said available data suggests something else.

He said a recent analysis conducted by Central 1 Credit Union showed few flippers in the market compared with other hot markets in recent decades.

That analysis showed that in early 2015, about 10 per cent of sales were of properties that last sold within two years, compared with 30 per cent between 2006 and 2008.

Muir said "if you're flipping \$2-million, \$3-million homes, that's a pretty risky endeavour."

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With files from Tiffany Crawford,  
Vancouver Sun