

February 2010

**Vancouver Island Housing Update**

A mixed performance was turned in during February in the two main housing markets on Vancouver Island. The Victoria market remained active relative to January, while the Vancouver Island board area slowed. It is not obvious that the Winter Olympics had any impact on these markets. The underlying trends are gradually slowing sales and more coming supply onto the market, leading to more moderate price gains.

MLS® residential sales held steady in Victoria during February but dropped 20% in the Vancouver Island Real Estate Board area. Seasonally adjusted sales in Victoria came in at 688 units versus 690 units in January but dropped to 592 units from 741 units in the rest of the island. A large difference in monthly sales performances between the two areas is uncommon. The sales trend was edging down in both areas following the October high and continued in Victoria in February. Why sales dropped 20% in the rest of the island is unclear and data for the next month or two will reveal whether this is a one-off event or something else.

Supply coming onto the Victoria market shot up by nearly 20% in February and pulled up active listings 12% in the month. Active listings also increased in the rest of the island but by a lesser 9% due to the sales drop rather than a surge in new listings.

The market supply and demand balance is easing following the rebound from the recession's lows. The easing in February was sharper than in the previous months due to those large changes in sales or listings. This implies price pressures will diminish as well and there is some evidence of that already occurring in Victoria. The rate of price increases is slowing albeit still in double-digit territory. Large monthly changes in housing sales or new listings are often reversed in the following month or two and data for March will be telling.

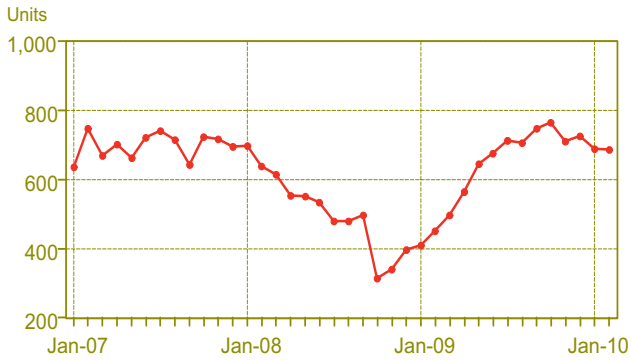
Housing sales will be influenced by recent changes to federal mortgage insurance regulations which tighten mortgage qualifying criteria for low-equity buyers and non-owner occupied purchasers. These change come into effect April 19, 2010. The implementation of the HST on July 1, 2010 likely brings forward some sales from the second half. The second half of the year is shaping up to be weaker than the first half for those reasons as well as for the expected rise in mortgage rates.

*(Graphs on page 2 & 3)*

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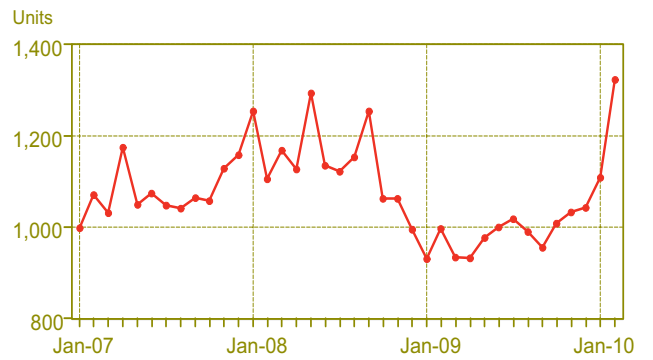


### MLS® Residential Sales, Victoria Real Estate Board



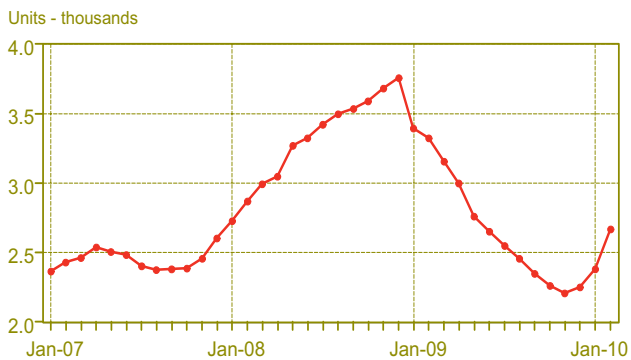
Source: VREB, C1CU. Note: Seasonally adjusted. Latest: Feb-10

### MLS® New Residential Listings, Victoria Real Estate Board



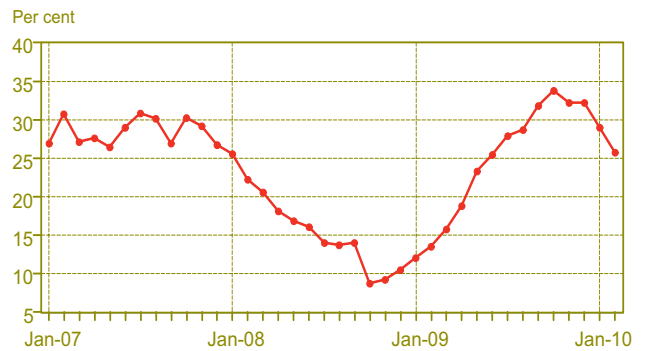
Source: VREB, C1CU. Note: Seasonally adjusted. Latest: Feb-10

### MLS® Residential Active Listings, Victoria Real Estate Board



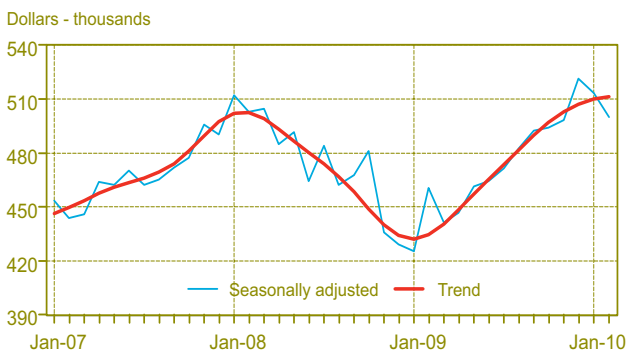
Source: VREB, C1CU. Note: Seasonally adjusted. Latest: Feb-10

### MLS® Residential Sales-to-Active Listings Ratio, Victoria Real Estate Board



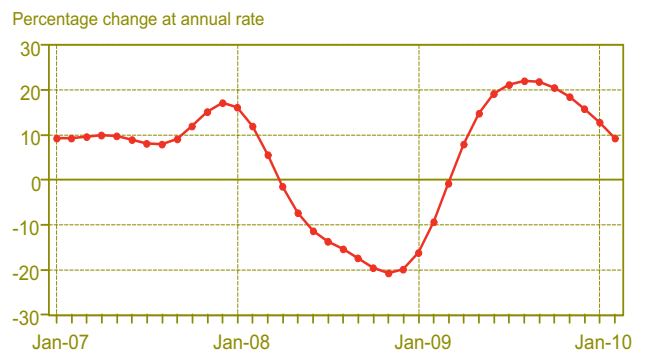
Source: VREB, C1CU. Note: Seasonally adjusted. Latest: Feb-10

### MLS® Residential Average Sales Price, Victoria Real Estate Board



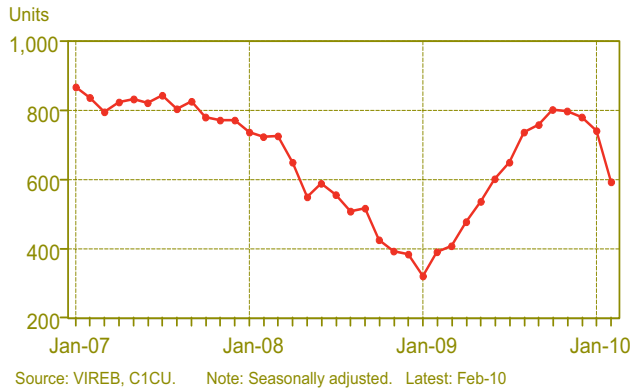
Source: VREB, C1CU. Latest: Feb-10

### Change in Average Sales Price, Victoria Real Estate Board

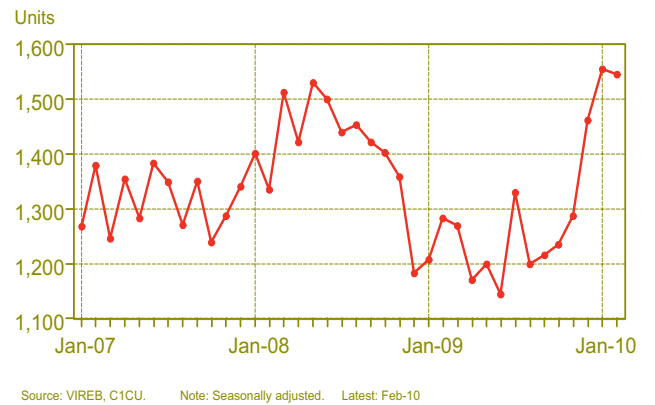


Source: VREB, C1CU. Note: Based on trend-cycle price. Latest: Feb-10

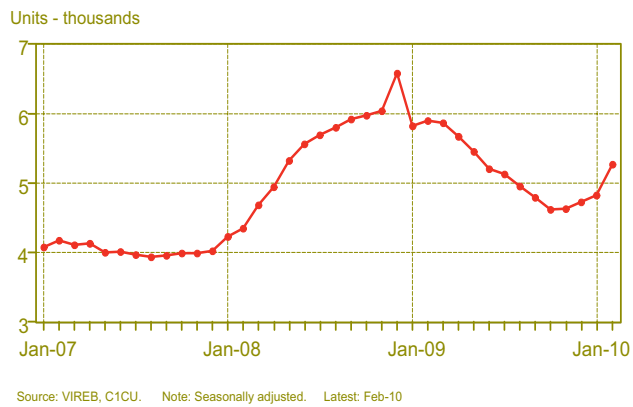
### MLS® Residential Sales, Vancouver Island Real Estate Board



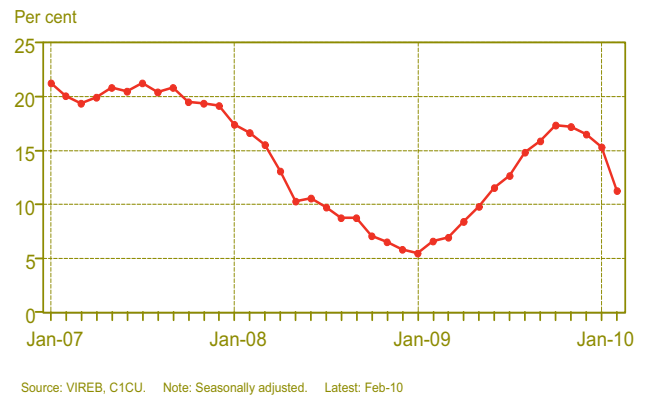
### MLS® New Residential Listings, Vancouver Island Real Estate Board



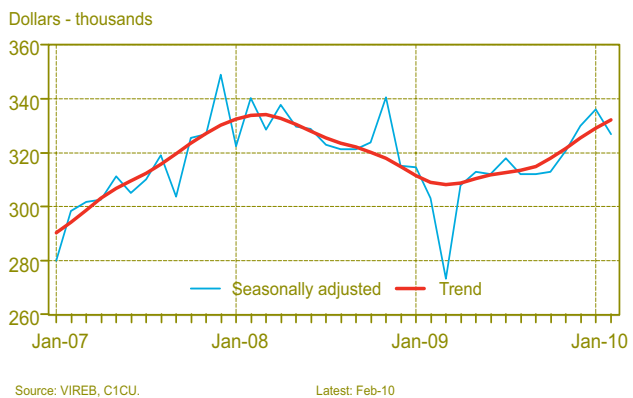
### MLS® Residential Active Listings, Vancouver Island Real Estate Board



### MLS® Residential Sales-to-Active Listings Ratio, Vancouver Island Real Estate Board



### MLS® Residential Average Sales Price, Vancouver Island Real Estate Board



### Change in Average Sales Price, Vancouver Island Real Estate Board

