

May 2009

**Vancouver Island Housing Update**

Housing continues to gather upward momentum under the influence of record low mortgage rates. Sales are up impressively, especially in Victoria, and prices have turned the corner. The market rebound continues in the near-term and sends a signal that an end to the economic recession is in sight since housing is usually the first sector to emerge from recession.

MLS® residential sales increased 18% to 652 units seasonally adjusted in May from April in the Victoria Real Estate Board and rose 13% to 524 units in the Vancouver Island REB (VIREB). Victoria and VIREB sales are up for the fourth month in a row, and very likely means a cycle turning point occurred last December or January.

New MLS® residential listings bumped up 3% in Victoria and the VIREB in May on a seasonally adjusted basis. More supply coming onto the market during improving market conditions is normal and since market conditions are changing rather rapidly, a trend upturn is probably not too far off.

Active listings declined further in May with Victoria seasonally adjusted active listings down 10% at month-end and VIREB down 4%. Active listings are dropping faster in Victoria and are down 27% from last December's high. In contrast, VIREB listings are down 16% and as a result market conditions differ considerably.

The seasonally adjusted sales-to-active listings ratio in the Victoria jumped to 24% in May compared to 10% in VIREB. At its low late last year, Victoria was at 9% and VIREB 6%. Victoria's change in less than six months is remarkable and speaks not only to the powerful impact of record low mortgage rates but also to latent demand in desirable markets.

Victoria's MLS® residential average sales price

seasonally adjusted rose 3% in May to \$461,600 and is well above the low of last January. This move is further confirmation of a market turning point and the end of the recession phase.

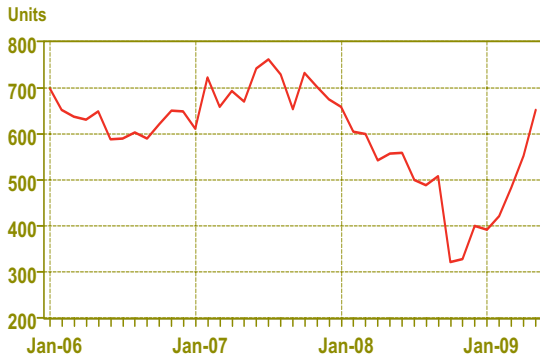
VIREB's seasonally adjusted price also moved 3% higher but this is only the second consecutive monthly gain, unlike Victoria. Market conditions are improving but remain in the weak range at a 10% sales-to-active listings ratio. However, the direction of change matters as well as levels and no doubt further improvement is forthcoming.

The sales rebound continues into the summer months benefitting from record low mortgage rates, notwithstanding this past weeks bump in longer term fixed rates. Sales usually decline in June relative to May but the strong uptrend will overpower the seasonal factor and put sales up another 10% or more. Prices also rise in June.

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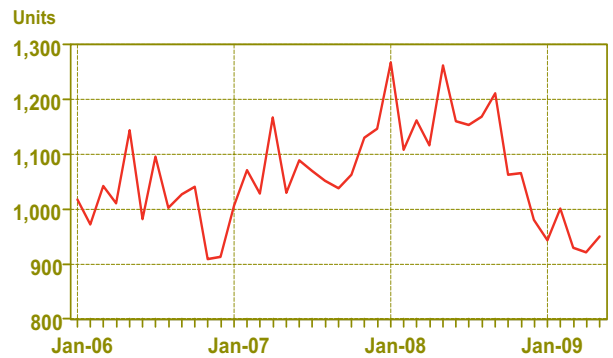


### MLS® Residential Sales, Victoria Real Estate Board



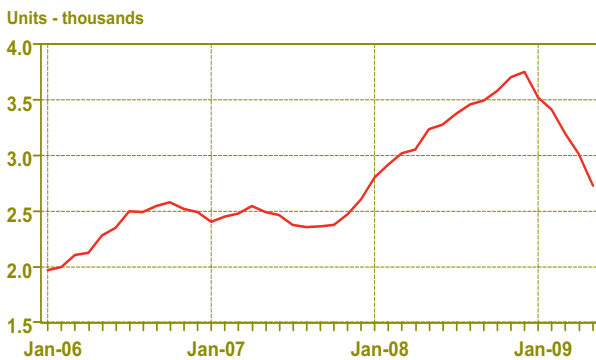
Source: VREB, C1CU. Note: Seasonally adjusted. Latest: May-09

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



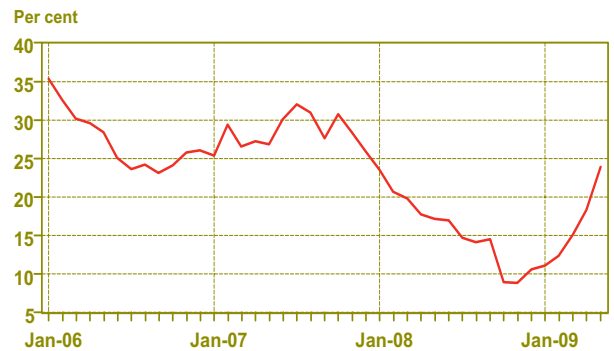
Source: VREB, C1CU. Note: Seasonally adjusted. Latest: May-09

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



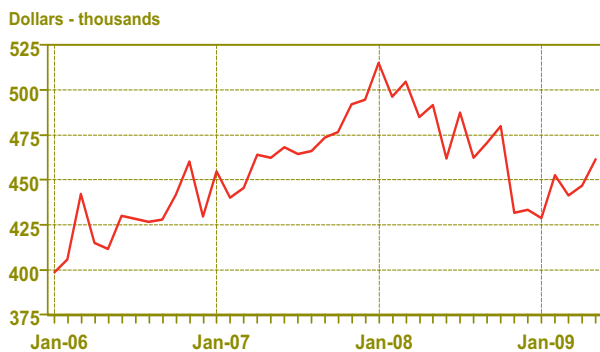
Source: VREB, C1CU. Note: Seasonally adjusted. Latest: May-09

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



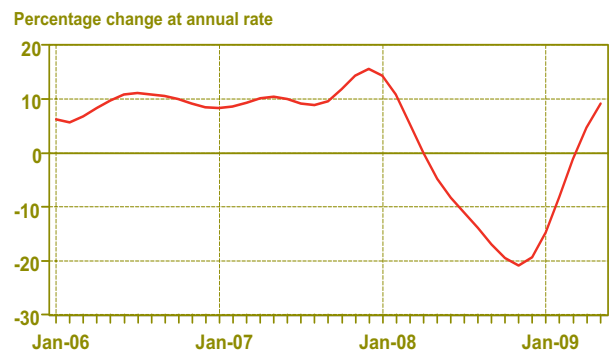
Source: VREB, C1CU. Note: Seasonally adjusted. Latest: May-09

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



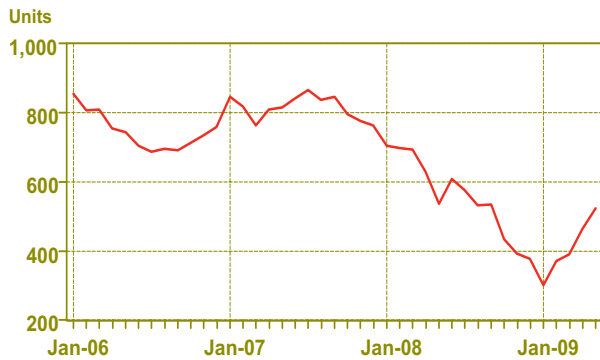
Source: VREB, C1CU. Note: Seasonally adjusted. Latest: May-09

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



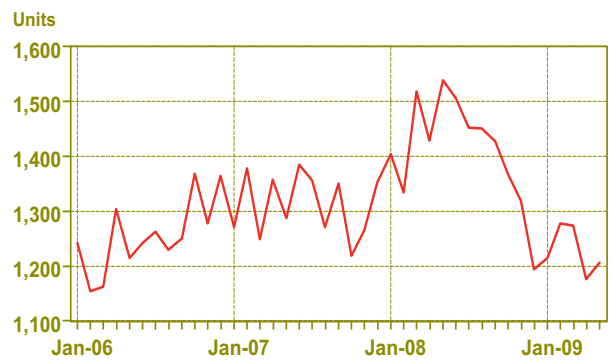
Source: VREB, C1CU. Note: Based on trend-cycle price. Latest: May-09

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



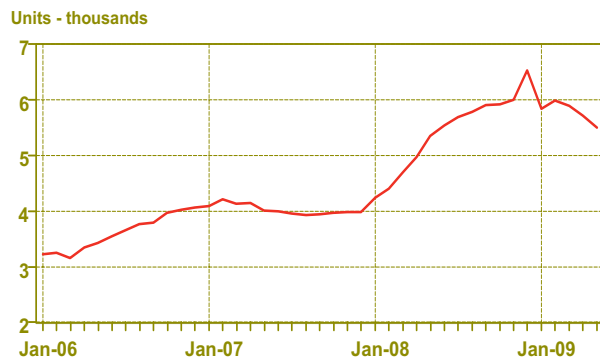
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### MLS® New Residential Listings, Vancouver Island Real Estate Board



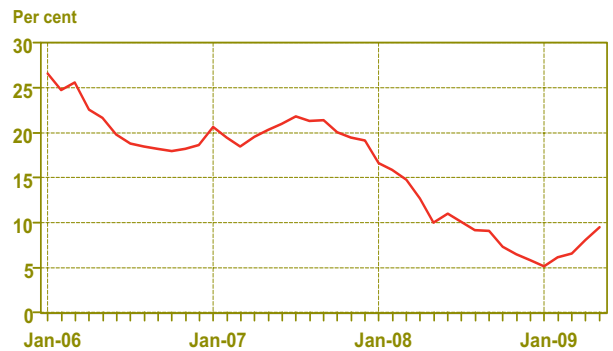
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### MLS® Residential Active Listings, Vancouver Island Real Estate Board



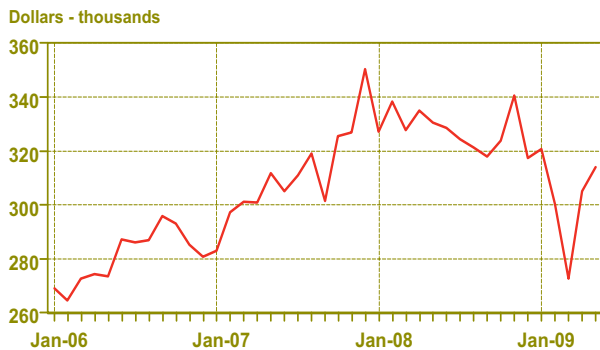
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### MLS® Residential Sales-to-active Listings Ratio, Vancouver Island Real Estate Board



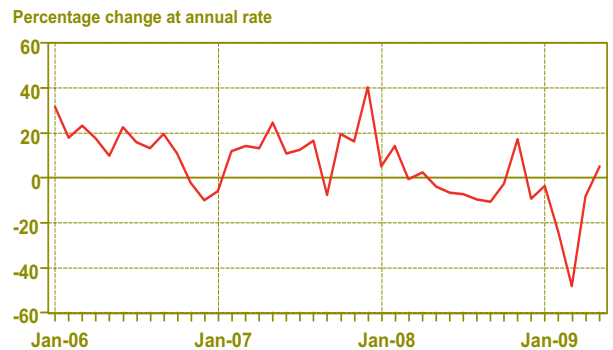
Source: VIREB, C1CU. Note: Seasonally adjusted. Latest: May-09

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



Source: VIREB, C1CU. Note: Seasonally adjusted. Latest: May-09

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



Source: VIREB, C1CU. Note: Based on seasonally adjusted price. Latest: May-09