

Jane Logan

PROFESSIONALISM, INTEGRITY, CONFIDENCE







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UPWARD PRESSURE ON PRICES EASE

THE EVOLVING NATURE OF HOUSING IN VICTORIA

The scale of residential building construction underway around the Capital Regional District (CRD) these days is striking. This is most evident in the downtown core of Victoria where there seems to be a new high-rise under construction in virtually every block. In the suburbs, there are numerous single family and multi-family developments in progress. The CRD hasn't witnessed this pace of development for over a decade.

2017 marks the first time that the percentage of sales of "strata" properties (i.e., strata duplexes, townhouses and condominiums), surpassed sales of Detached Single Family Dwellings (DSFDs). Chart 1 shows the percentage of sales by property type since 1997. There are two discernable trends. First, sales of DSFDs have fallen from 63.3% in 1997 to 49.2% in 2017 y-t-d. Second, sales of condos have risen from 22.3% in 1997 to 36.1% in 2017 y-t-d. The percentage of sales of strata duplexes and townhouses has shown little change over time.

A significant factor underlying these trends is an economic one. The average sale price of DSFDs in greater Victoria in 2017 y-t-d was \$874,991. This figure is beyond the reach of many buyers. It compares to average sale prices of \$579,339 for a strata duplex, \$538,924 for a townhouse and \$414,731 for a condo. A major reason for this price differential is the value of "land" in the CRD. Assessment data reveals that, on average, some 66% of the value of DSFDs is the "land". "Improvements" (i.e. buildings) constitute only 34% of the value of the property.

Demographics is also an important factor. One of the long term trends in Canadian society has been the decrease in household size. In Victoria, a full 70% of the 162,715 private dwellings consist of one or two person households. Furthermore, 2016 census figures for Victoria indicate that "millennials" constitute some 20% of the population. In many instances, strata properties are the entry-level home of choice of millennials for either life-style and/or affordability reasons. At the other end of the age spectrum are seniors. Persons over 65 years of age constitute 21% of the population of Victoria, and strata properties appeal to those looking to downsize and/or the convenience of condo ownership. These two age cohorts are important drivers of the Victoria real estate market.

Finally, public policy initiatives in the CRD are promoting increased densification which, in turn, supports the development of strata properties.

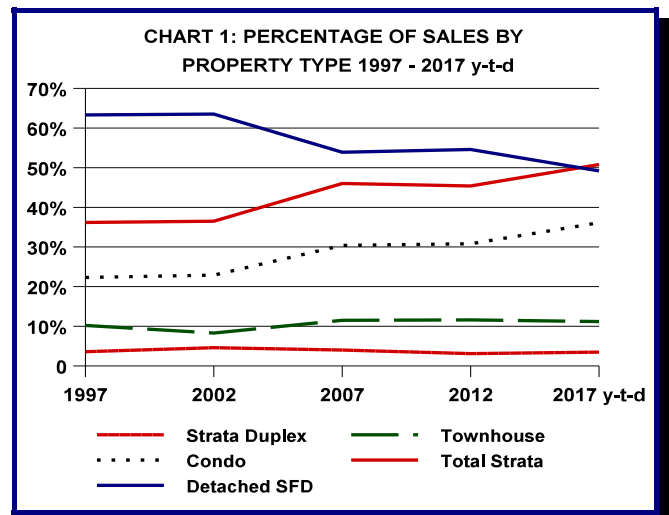


TABLE 1: STATISTICAL TRENDS - ALL RESIDENTIAL (Greater Victoria and Other Areas)

QUARTER-TO-QUARTER COMPARISONS			
	3 rd Qtr 16	3 rd Qtr 17	Change
New Listings	2,985	2,908	-77
Sales	2,479	2,046	-433
Avg Sale Price	\$580,461	\$654,046	+\$73,585
Median Sale Price	\$496,000	\$580,000	+\$84,000
Ratio Sales Listings	.83	.70	-.13
Avg Days to Sell	35	26	-9
Sale Price as % of Org List Price	99.9%	99.9%	n/c
Mortgage Rates (Posted 3 yr Fixed BoC)	3.39%	3.39%	n/c

THE VICTORIA MARKET

The frenzied pace that marked the Victoria real estate market in 2016 has slowed. The upward pressure on prices has eased in the 3rd Qtr of 2017. On the supply side, the number of listings was down marginally from the same period last year. On the demand side there was a decrease in the number of sales. The ratio of sales-to-listings (a measure of market strength) was down from last year. However, Victoria still remains a solid seller's market. Sale prices were up significantly from a year ago. However, with the exception of condos, prices have either levelled off or are down slightly from the 2nd Qtr of 2017. Properties continued to sell relatively quickly. Multiple offer situations are not uncommon, and there was a lot of competition for homes in the moderate price range. An analysis reveals that some 52% of residential properties sold at, or above, their list price in the 3rd Qtr of 2017.

The number of new listings through the Victoria Real Estate Board's (VREB's) MLS® was 2,908, down slightly from 2,985 in the 3rd Qtr of 2016. Sales of residential properties (i.e., all types of housing excluding lots/acreage and commercial) totalled 2,046 in the 3rd Qtr of 2017, down -17.5% from 2,479 sales in the 3rd Qtr of 2016. The sales-to-new-listings ratio was .70 in the 3rd Qtr of 2017, down from .83 a year ago but still up significantly from .51 three years ago. Both average and median sale prices were higher. **The average sale price of a residential property in Greater Victoria and other areas was \$654,046 in the 3rd Qtr of 2017**, up +12.7% from \$580,416 in the 3rd Qtr of 2016. The median sale price was \$580,000, up +16.9% from \$496,000 last year. Properties sold about 0.1% below the original list price, unchanged from last year. The figure of \$654,046 compares to August 2017 average residential sale prices and percentage changes of \$982,454 (+17.9%) in Vancouver, \$732,292 (+3.2%) in Toronto, \$689,700 (+11.9%) in the Fraser Valley and \$461,083 (+1.0%) in Calgary.

THE MARKET INVENTORY

There were 1,335 properties (including lots and acreage) active on the VREB's MLS® database for the Greater Victoria area (i.e., excluding the Malahat, Up-Island and the Gulf Islands) on Oct 1, 2017, up +10.1% from the inventory level of 1,213 a year ago.

SINGLE FAMILY DWELLINGS (SFDs)

Sales of SFDs in Greater Victoria in the 3rd Qtr of 2017 totalled 975, down -20.0% from 1,219 sales in the 3rd Qtr of 2016. **The average sale price of SFDs in the 3rd Qtr of 2017 was \$860,047, up +12.9% from an average of \$761,718 in the 3rd Qtr of 2016.** Moreover, the median sale price was \$765,000, up 15.9% from \$660,000 in the 3rd Qtr of 2016. (Note: 194 SFDs, some 20%, sold for more than \$1 million). As shown in Chart 3, sale prices that have been on a sharp upward trend since the 4th Qtr of 2014 levelled off in the 3rd Qtr of 2017. SFDs that sold in the 3rd Qtr of 2017 were on the market for an average of 29 days, little changed from 27 days last year. The sales-to-listings ratio was .64 in the 3rd Qtr of 2017, down from .82 last year.

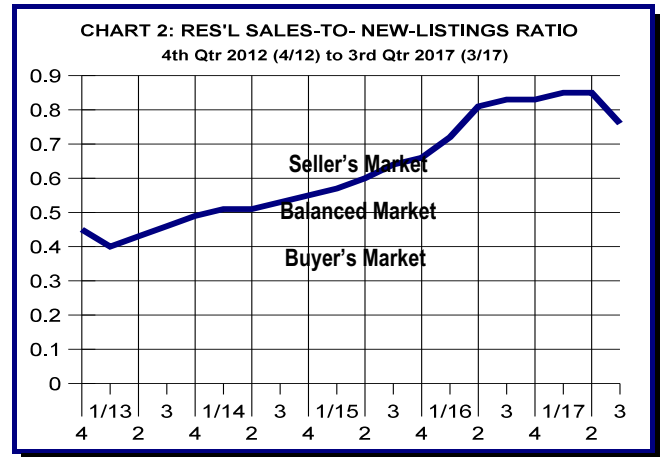
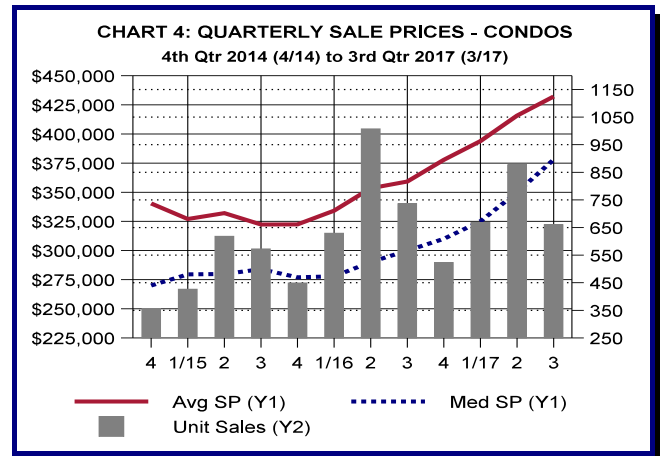
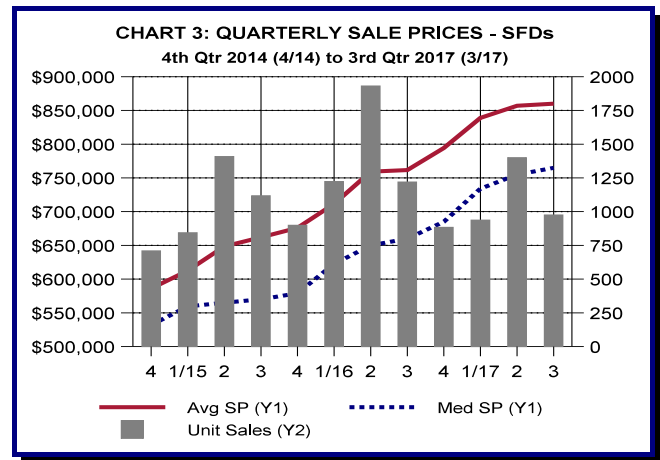


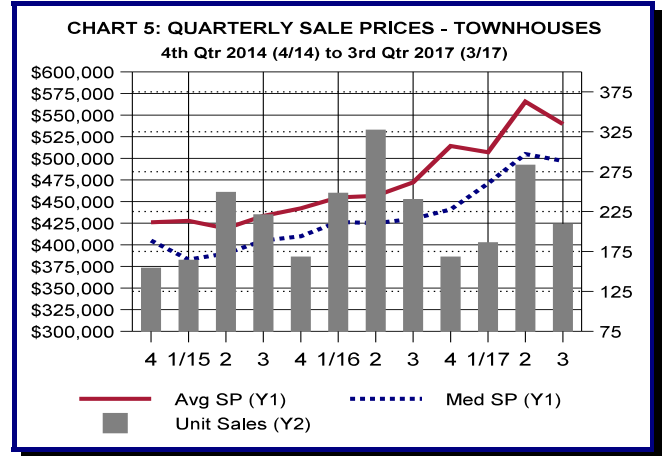
TABLE 2: INVENTORY - GREATER VICTORIA

Type of Property	Oct 16	Oct 17	Change
Single Family Dwelling	650	737	+87
Condominiums	293	331	+38
Townhouses	110	103	-7
Lots/Acreage	115	109	-6
Man. Home/Rental Pad	28	33	+5
Duplexes (Revenue)	10	13	+3
Triplexes+ (Revenue)	7	9	+2
Totals	1,213	1,335	+122



CONDOMINIUMS

Condominium sales remained strong in the 3rd Qtr of 2017 with sales of 660, down from 736 sales in the 3rd Qtr of 2016. **The average sale price for a condo was \$432,159 in the 3rd Qtr of 2017, up +20.3% from \$359,176 in the 3rd Qtr of 2016.** The median sale price was \$378,000, up +21.9% from \$310,000 last year. As shown in Chart 4, the average and median sale prices have shown an upward trend since the 4th Qtr of 2015. Condos took an average of 22 days to sell in the 3rd Qtr of 2017, down from 28 days last year. The sales-to-listings ratio was .77, compared to .91 last year.



TOWNHOUSES

Townhouse sales were also strong in the 3rd Qtr of 2017 with sales of 209, down marginally from 221 sales in the 3rd Qtr of 2016. **The average selling price in the 3rd Qtr of 2017 was \$539,615, up +14.3% from \$472,292 in the 3rd Qtr of 2016.** The median sale price was \$497,000, up +15.6% from \$430,000 last year. Townhouses took an average of 20 days to sell in the 3rd Qtr of 2017, compared to 30 days last year. The sales-to-listings ratio was .74, down from .82 last year.

LOTS/ACREAGE

There were 41 lots/acreage sold in the 3rd Qtr of 2017. The average and median sale prices were **\$584,534** and **\$390,000** respectively. (There were three large parcels of land/lots that sold for more than \$2 million each).

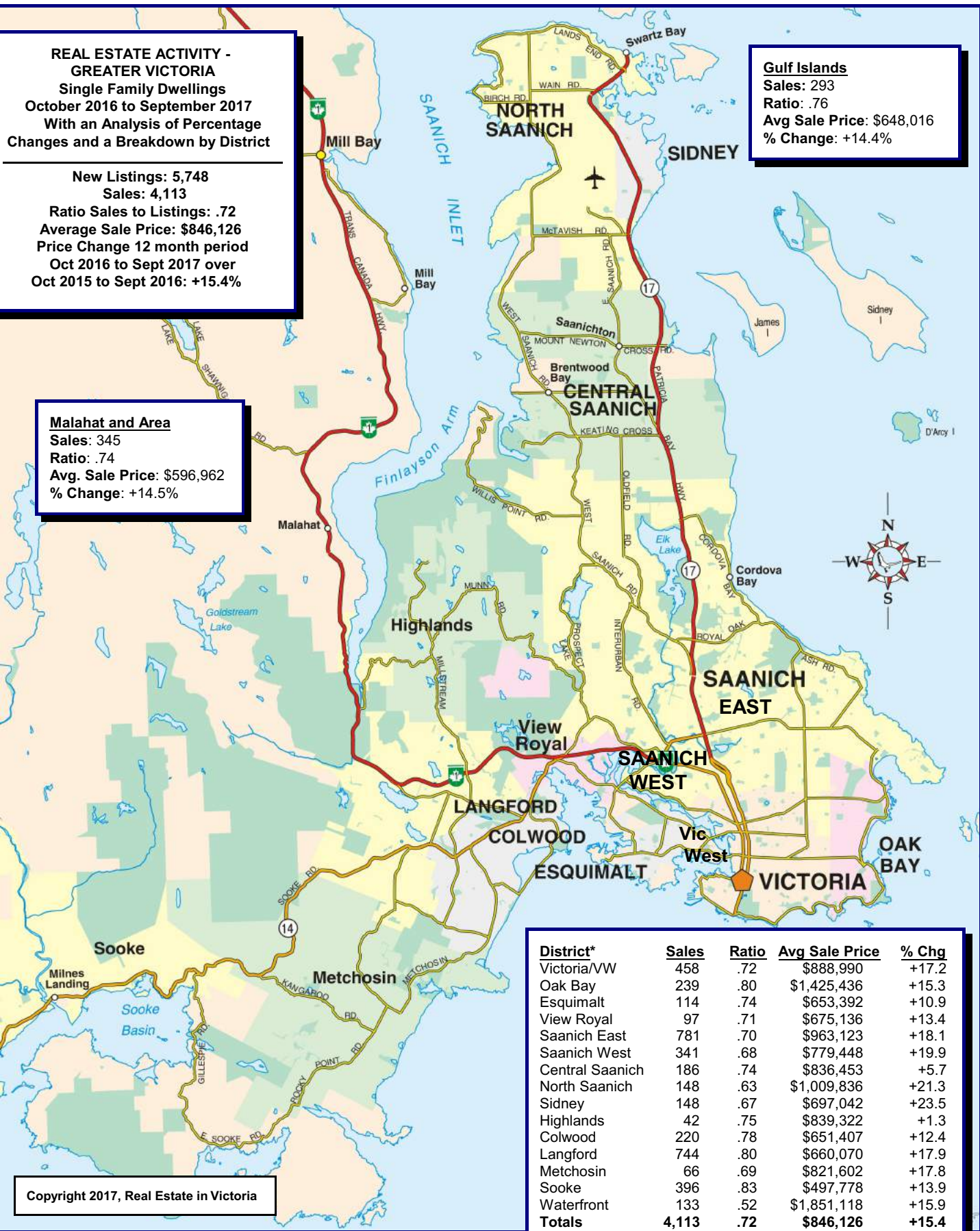
WITTY'S LAGOON REGIONAL PARK

We are fortunate to have a wide range of interesting parks in the Greater Victoria area. One such park is Witty's Lagoon Regional Park, which seems to receive little in the way of attention. Located in Metchosin, this 56 hectare park offers a protected natural environment. It includes a spectacular waterfall, mixed woodland, tidal lagoon, sandy beach and rocky shore. It offers an ecosystem rich with coastal plants and animals and is home to an impressive variety of coastal birds.

One enters the park through a dark woodland of immense Douglas-fir as well as Broadleaf Maple. Running through the park is Bilston Creek which leads to a waterfall, a trickle in summer and a cascade in winter.

Where fresh water meets salt water, Witty's lagoon is formed. Further on lies the salt marsh, a tidal zone bordering the lagoon. Beyond, is a wide beach. Witty's Lagoon is as diverse in bird life as it is in landscapes, making it a birder's paradise. The park contains over 160 documented species and is considered one of the best places in the region to bird watch. For more information go to: www.wittyslagoon.com





**REAL ESTATE ACTIVITY -
GREATER VICTORIA**
Single Family Dwellings
October 2016 to September 2017
With an Analysis of Percentage
Changes and a Breakdown by District

New Listings: 5,748
Sales: 4,113
Ratio Sales to Listings: .72
Average Sale Price: \$846,126
Price Change 12 month period
Oct 2016 to Sept 2017 over
Oct 2015 to Sept 2016: +15.4%

Gulf Islands
Sales: 293
Ratio: .76
Avg Sale Price: \$648,016
% Change: +14.4%

Malahat and Area
Sales: 345
Ratio: .74
Avg. Sale Price: \$596,962
% Change: +14.5%

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District*	Sales	Ratio	Avg Sale Price	% Chg
Victoria/VW	458	.72	\$888,990	+17.2
Oak Bay	239	.80	\$1,425,436	+15.3
Esquimalt	114	.74	\$653,392	+10.9
View Royal	97	.71	\$675,136	+13.4
Saanich East	781	.70	\$963,123	+18.1
Saanich West	341	.68	\$779,448	+19.9
Central Saanich	186	.74	\$836,453	+5.7
North Saanich	148	.63	\$1,009,836	+21.3
Sidney	148	.67	\$697,042	+23.5
Highlands	42	.75	\$839,322	+1.3
Colwood	220	.78	\$651,407	+12.4
Langford	744	.80	\$660,070	+17.9
Metchosin	66	.69	\$821,602	+17.8
Sooke	396	.83	\$497,778	+13.9
Waterfront	133	.52	\$1,851,118	+15.9
Totals	4,113	.72	\$846,126	+15.4

*District Avg. Sales Prices exclude sales of "Waterfront"