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*Jane Logan*



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# STRONGEST MARKET IN OVER TWO DECADES

## WHAT'S DRIVING THE REAL ESTATE MARKET IN VICTORIA?

After several years of anaemic performance, the real estate market in Victoria has come roaring back. Indeed, the market hasn't been this strong since the early 1990s. This has led to a lot of media speculation that residents from the lower mainland are selling off their multimillion dollar properties and moving to the less expensive housing in Victoria.

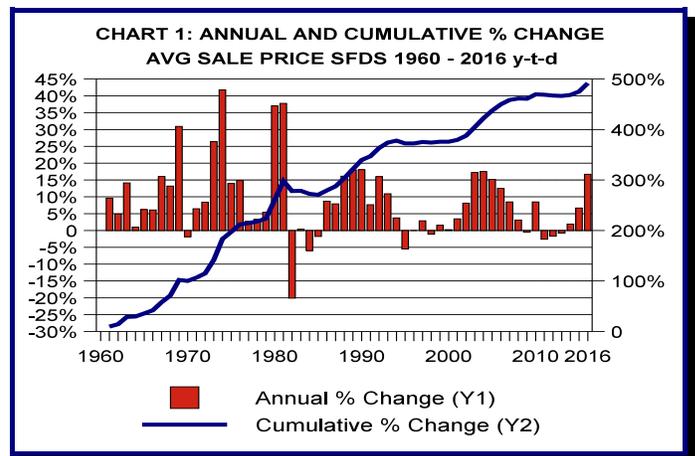
While there seems to be some anecdotal evidence to support this notion, the Victoria Real Estate Board (VREB) reported that: "The vast majority of Victoria Buyers are from within the local Victoria marketplace." 72.5% of buyers were from the local area in the 1<sup>st</sup> Qtr of 2016, up from 70.5% last year. The VREB found only a slight increase in buyers from the lower mainland, 8.2% in the 1<sup>st</sup> Qtr compared to 7.4% last year. This modest increase in buyers from the lower mainland would not, in itself, appear to account for the extraordinary strength of the current market and the rise in prices.

The explanation for the recent increase in real estate prices may be a bit more complicated.

First, from a historic perspective (i.e., going back some thirty years), Victoria has had the second most valuable residential real estate in Canada. It is only in the past five years that it has been overtaken by Toronto and the Fraser Valley. The Victoria market may well be simply playing "catch-up."

Second, there is the "spillover" effect from the lower mainland. This is to say that price increases in one area tend to eventually influence the prices in adjacent or close areas.

Third, the real estate market in Victoria is cyclical in nature. Chart 1 shows the annual year-over-year percentage and the cumulative percentage change in prices of single family dwellings from 1960 to 2016 y-t-d. The average sale price of a single family dwelling has increased an average of about +8.7% per annum during this 55-year period, about +5.1% above the annual increase in the Consumer Price Index. Chart 1 also illustrates the cyclical nature of the real estate market in Victoria. There is a historic pattern of a sustained period of rising prices (i.e., 1961 - 1969, 1971 - 1981, 1986 - 1994 and 2001 - 2007) that is followed by a period of flat or falling prices (i.e., 1970, 1982 - 1985, 1996 - 2000 and 2008 - 2013). It would appear that we are in the beginning phase of a new boom period in the real estate market in Victoria. If the past is any predictor of the future, Victoria may well be in for sustained price increases over the next few years.



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

QUARTER-TO-QUARTER COMPARISONS			
	2 <sup>nd</sup> Qtr 15	2 <sup>nd</sup> Qtr 16	Change
New Listings	3,928	3,959	+31
Sales	2,539	3,543	+1,004
Avg Sale Price	\$526,620	\$592,712	+\$66,092
Median Sale Price	\$470,000	\$510,000	+\$40,000
Ratio Sales Listings	.65	.90	+.25
Avg Days to Sell	56	36	-20
Sale Price as % of Org List Price	96.6%	100.3%	+3.7%
Mortgage Rates (Posted 3 yr Fixed BoC)	3.39%	3.39%	n/c

**THE VICTORIA MARKET**

After several years of rather lacklustre performance, the real estate market in Victoria has finally caught fire. Currently, it is a strong seller's market. Sales and prices were up significantly from the 2<sup>nd</sup> Qtr of 2015. The ratio of sales-to-listings (a measure of market strength) has increased considerably. Properties took less time to sell and they sold for an average of about +0.3% above the original list price, an improvement of +3.7% over last year. Indeed, multiple offer situations have again become the norm and many homes are selling well above the list price.

As shown in Table 1, the number of new listings was 3,959, up only slightly from 3,928 in the 2<sup>nd</sup> Qtr of 2015. However, sales of residential properties (i.e., all types of housing, excluding lots/acreage and commercial) through the Victoria Real Estate Board's MLS® totalled 3,543 in the 2<sup>nd</sup> Qtr of 2016, up 40.0% from 2,530 in the 2<sup>nd</sup> Qtr of 2015. The sales-to-new-listings ratio was a remarkable .90 in the 2<sup>nd</sup> Qtr of 2016, up significantly from .65 a year ago. Both average and median sale prices continue to trend upward. **The average sale price of a residential property in Greater Victoria and other areas was \$592,712 in the 2<sup>nd</sup> Qtr of 2016, up 12.6% from \$526,620 in the 2<sup>nd</sup> Qtr of 2015.** The median sale price was \$510,000, up 8.5% from \$470,000 last year.

If one thinks the real estate market in Victoria is "hot", it still pales in comparison to what is happening in Greater Vancouver and in the Fraser Valley. The latest year-to-date figures to the end of May 2016 from the BC Real Estate Association show an average sale price of \$1,085,401 for a residential property in Greater Vancouver, up +22.3% from the same period last year and an average sale price of \$707,717 in the Fraser Valley, up +27.0%.

**THE MARKET INVENTORY**

There were 1,374 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 July 1, 2016, down 51% from the inventory level of 2,796 a year ago.

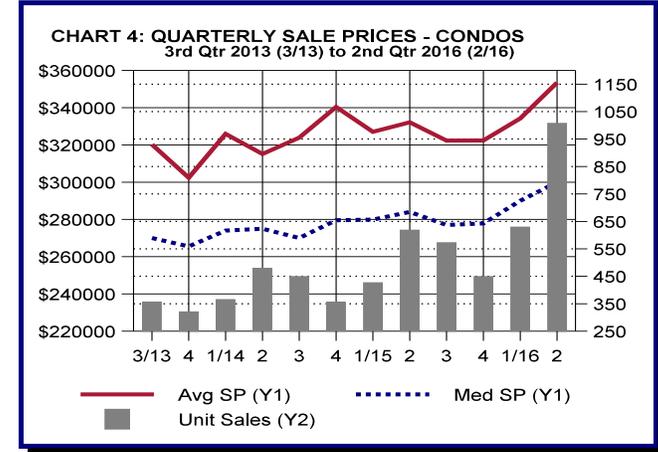
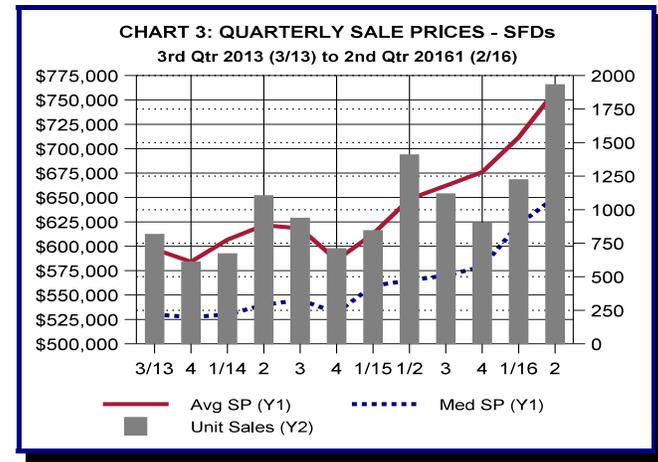
**SINGLE FAMILY DWELLINGS (SFDs)**

Sales of SFDs in Greater Victoria totalled 1,931 in the 2<sup>nd</sup> Qtr of 2016, up +35.2% from 1,428 sales in the 2<sup>nd</sup> Qtr of 2015. **The average sale price of SFDs in the 2<sup>nd</sup> Qtr of 2016 was \$759,197, up 17.2% from an average of \$647,709 in the 2<sup>nd</sup> Qtr of 2015.** Moreover, the median sale price was \$650,000, up 13.0% from \$565,000 in the 2<sup>nd</sup> Qtr of 2015. As shown in Chart 3, sale prices fluctuated in a narrow range until the end of 2014. There has been sizeable and steady increases since then, and it would appear that we may well be in the beginning of a longer-term upward trend. SFDs that sold in the 2<sup>nd</sup> Qtr of 2016 were on the market for an average of 28 days, down from 46 days last year. The sales-to-listings ratio was a remarkable .94 in the 2<sup>nd</sup> Qtr of 2016, well up from .68 last year.



**TABLE 2: INVENTORY - GREATER VICTORIA**

Type of Property	Jul 15	Jul 16	Change
Single Family Dwelling	1,374	678	-696
Condominiums	836	389	-447
Townhouses	271	99	-172
Lots/Acreage	337	149	-188
Man. Home/Rental Pad	55	40	-15
Duplexes (Revenue)	7	8	+1
Triplexes+ (Revenue)	16	11	-5
<b>Totals</b>	<b>2,796</b>	<b>1,374</b>	<b>-1422</b>



## CONDOMINIUMS

Condominium sales also increased in the 2<sup>nd</sup> Qtr of 2016 with sales of 1,007, up +62.9% from 618 sales in the 2<sup>nd</sup> Qtr of 2015. **The average sale price for a condo was \$353,456 in the 2<sup>nd</sup> Qtr of 2016, up 6.4% from \$332,113 in the 2<sup>nd</sup> Qtr of 2015.** The median sale price was \$312,000, compared to \$284,000 last year. As shown in Chart 4, the average and median sale prices have shown a slight upward trend since the 3<sup>rd</sup> Qtr of 2015. Condos took an average of 34 days to sell in the 2<sup>nd</sup> Qtr of 2016, down from 54 days last year. The sales-to-listings ratio was .88, up from .62 last year.

## TOWNHOUSES

Townhouse sales totalled 328 in the 2<sup>nd</sup> Qtr of 2016, up +30.2% from 252 sales in the 2<sup>nd</sup> Qtr of 2015. **The average selling price in the 2<sup>nd</sup> Qtr of 2016 was \$456,829, up 9.3% from \$417,958 in the 2<sup>nd</sup> Qtr of 2015.** The median sale price was \$425,000, up from \$390,000 last year. Townhouses took an average of 38 days to sell in the 2<sup>nd</sup> Qtr of 2016, down from 49 days last year. The sales-to-listings ratio was an extraordinary 1.02 (i.e., there were more sales than there were new listings). The ratio was .64 last year.

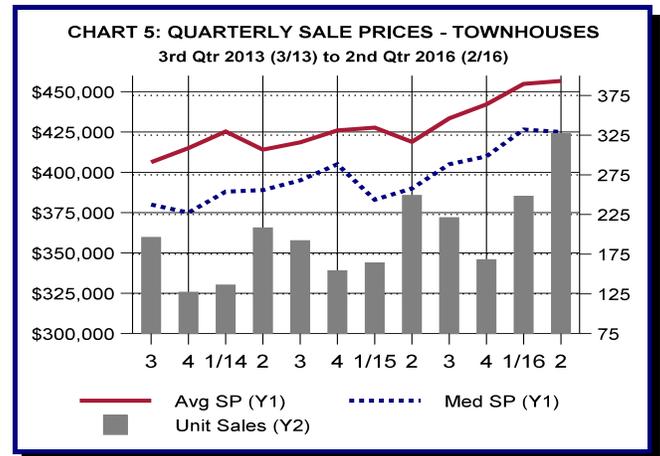
## LOTS/ACREAGE

There were 112 lots/acreage sold in the 2<sup>nd</sup> Qtr of 2016, more than double the 51 sales in the 2<sup>nd</sup> Qtr of 2015. The average and median sale prices were **\$519,491** and **\$402,900** respectively, compared to \$381,981 and \$292,500 last year.

## THE TOP RESTAURANTS IN VICTORIA

The following is a list of the current twenty top-rated restaurants in Victoria based on reviews posted on Trip Advisor. Many local favourites were on the list last year, however, there are a number of new additions.

1. **Fish Hook** [www.fishhookvic.com](http://www.fishhookvic.com) (seafood with an East Indian theme)
2. **Ithaka Greek Restaurant** <http://ithakagreek.ca> (family run Greek cuisine)
3. **Il Terrazzo** <http://www.ilterrazzo.com> (Italian cuisine)
4. **Blue Fox Café** <http://www.thebluefoxcafe.com> (a local favourite for breakfast and lunch)
5. **Restaurant Matisse** <http://restaurantmatisse.com> (fine French cuisine)
6. **Cafe Brio** <http://www.cafe-brio.com> (Italian and continental fare)
7. **John's Place Restaurant** <http://www.johnsplace.ca> (a favourite with locals for breakfast and lunch)
8. **Red Fish Blue Fish** <http://www.redfish-bluefish.com> (an outdoor waterfront eatery featuring seafood)
9. **Murchie's** <http://www.murchies.com> (renowned for its pastries, coffee and tea)
10. **Rebar Modern Food** <http://rebarmodernfood.com> (the go-to spot for vegetarian food)
11. **The Bengal Lounge** (this famous restaurant made the top twenty list just as it was in the process of closing)
12. **Blighty's Bistro** <http://www.blightysbistro.com/> (featuring West Coast fusion cuisine)
13. **Olo** <http://www.olorestaurant.com> (formerly Ulla, featuring a modern take on classic dishes)
14. **Ferris' Oyster Bar** [www.ferrisoysterbar.com/](http://www.ferrisoysterbar.com/) (casual dining featuring oysters, seafood, steak and pasta)
15. **Cora** <http://www.chezcora.com/en/restaurants/british-columbia/Cora-Victoria> (for breakfast and lunch)
16. **Bard & Banker** <http://bardandbanker.com/> (Scottish-style pub fare)
17. **Pagliacci's** [www.pagliaccis.ca/](http://www.pagliaccis.ca/) (One of Victoria's favourite restaurants for classic Italian cuisine)
18. **The Fish Store at Fisherman's Wharf** [www.floatingfishstore.com/](http://www.floatingfishstore.com/) (seafood from a dockside counter)
19. **Catalano Restaurant** <http://www.catalanorestaurant.com> (featuring regional Italian and Spanish cuisine)
20. **Nautical Nellies** <http://nauticalnellitesrestaurant.com/> (classic seafood & steak, with sushi & a raw oyster bar)



**Real Estate in Victoria ...Keeping You Informed:** I provide this newsletter to clients, customers and friends to help them keep informed of developments in the real estate market in the Victoria area. If you do not want to receive this newsletter in the future, please let me know. It is not intended to solicit or interfere with existing listings or Agency relationships. The information contained herein is based on sources which are believed to be reliable, but it is not guaranteed. The content of this newsletter is copyright©. The data and information outlined herein was derived from a number of sources including: the VREB, the BCREA and the CREA. The Publisher is responsible for the analysis of the data and any opinions expressed herein.

**REAL ESTATE ACTIVITY -  
GREATER VICTORIA**  
Single Family Dwellings  
July 2015 to June 2016  
With an Analysis of Percentage  
Changes and a Breakdown by District

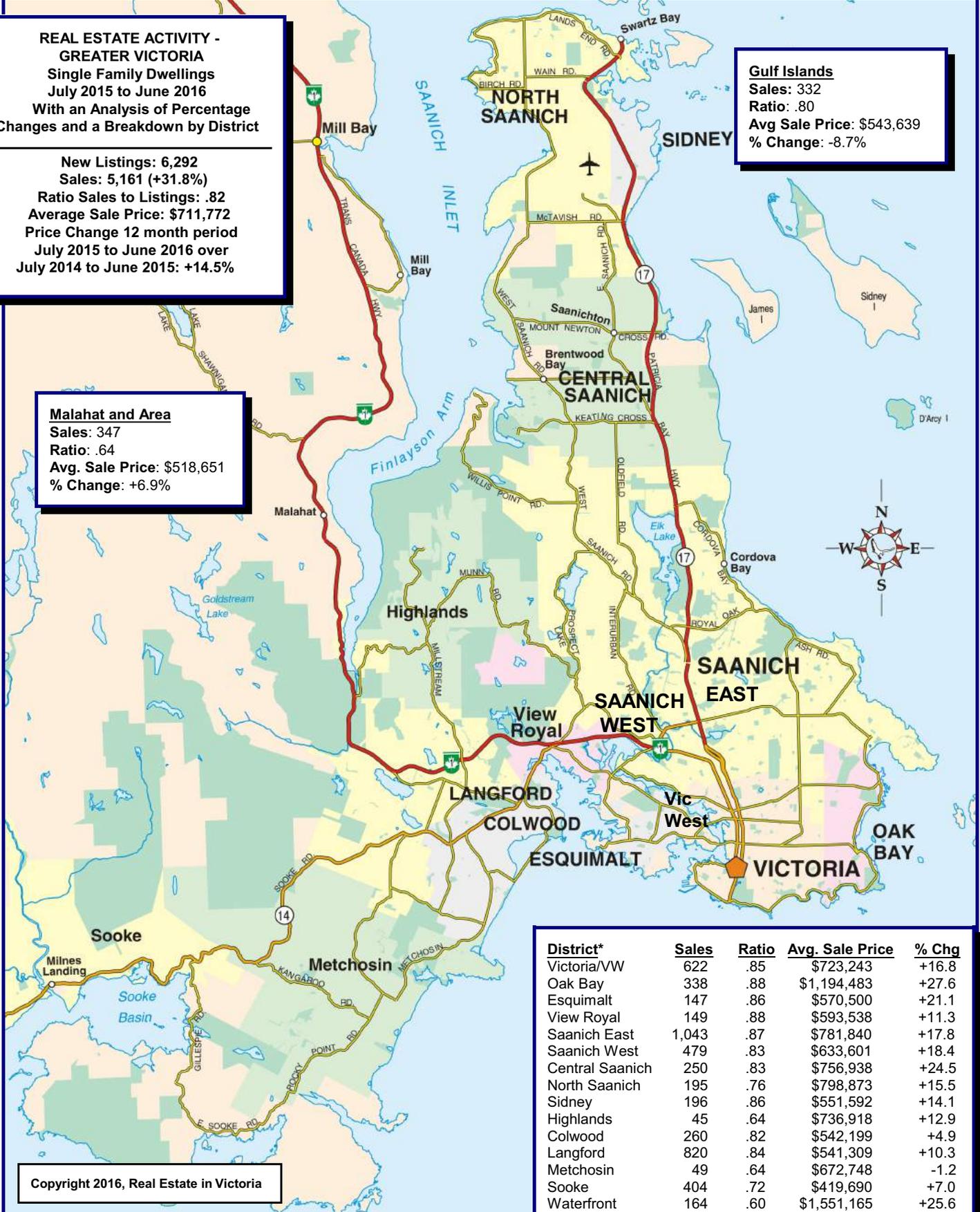
New Listings: 6,292  
Sales: 5,161 (+31.8%)  
Ratio Sales to Listings: .82  
Average Sale Price: \$711,772  
Price Change 12 month period  
July 2015 to June 2016 over  
July 2014 to June 2015: +14.5%

**Gulf Islands**

Sales: 332  
Ratio: .80  
Avg Sale Price: \$543,639  
% Change: -8.7%

**Malahat and Area**

Sales: 347  
Ratio: .64  
Avg. Sale Price: \$518,651  
% Change: +6.9%



District*	Sales	Ratio	Avg. Sale Price	% Chg
Victoria/VW	622	.85	\$723,243	+16.8
Oak Bay	338	.88	\$1,194,483	+27.6
Esquimalt	147	.86	\$570,500	+21.1
View Royal	149	.88	\$593,538	+11.3
Saanich East	1,043	.87	\$781,840	+17.8
Saanich West	479	.83	\$633,601	+18.4
Central Saanich	250	.83	\$756,938	+24.5
North Saanich	195	.76	\$798,873	+15.5
Sidney	196	.86	\$551,592	+14.1
Highlands	45	.64	\$736,918	+12.9
Colwood	260	.82	\$542,199	+4.9
Langford	820	.84	\$541,309	+10.3
Metchosin	49	.64	\$672,748	-1.2
Sooke	404	.72	\$419,690	+7.0
Waterfront	164	.60	\$1,551,165	+25.6
<b>Totals</b>	<b>5,161</b>	<b>.82</b>	<b>\$711,772</b>	<b>+14.5</b>

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