



THE VANCOUVER LIFE

Real Estate Market Report

PUBLISHED MAY 2020



THE VANCOUVER LIFE
REAL ESTATE GROUP



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Your Comprehensive Guide To Vancouver Real Estate Data

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01. Month In Review



Covid-19 Impacts to The Vancouver Real Estate Market

April 2020 completed the 7th month in a row of price increases and recent stabilization; a compelling statement considering the health crisis globally with Covid-19. We began the year with a strong start as local Buyer demand had been pent up over the last 15 months while prices in Vancouver corrected. The return of price stabilization for properties under \$2.5 million was certainly still the case as the median price of property continued to rise by 2.3% since April 2019. Perhaps what is even more interesting is the rise in prices from March 2020 to April 2020 by +0.3% - compelling considering the presence of Covid-19 and the total shut down of the global economy (except for essential services).

Economic theory would suggest that when there's scarcity for a product in demand, the price of that product will rise. And that's the other story here, there is a real lack of good quality, local housing supply on the market (and for good reason). When good quality homes come on the market, multiple offers are still popping up.



Month In Review

Covid-19 Impacts to The Vancouver Real Estate Market

Generally speaking, the supply for all types of housing is down on average by -38% year over year, and new listings coming on the market are also down by a whopping -51% compared to March 2020. The media would have you believe that the story is simply that sales numbers are down by -62.7%, and while that's true - it's but part of that story; as pent up demand still exists in the local Vancouver market for good quality housing.

So why is there such a lack of housing supply in the local market? Covid-19 is largely to blame as the government responded to it by restricting people from leaving their homes, implementing social distancing measures, non-essential work was restricted as the vast majority of the working population are now working from home. Local government indicated that Realtors provided an essential service to the housing sector and so the Real Estate Board had to take additional measures to ensure business could continue.

While open houses were banned and showings were seriously limited, Realtors implemented safeguard measures such as disinfecting homes before and after showings; masks and gloves were worn by Buyers when looking at homes and many Realtors moved into showcasing their listings through various online tools such as digital walk-throughs. While innovative in their approach, the reality of Covid-19 was that it was slowing down the home buying process and sales volume numbers began their slump as the market really slowed down.

Sellers opted to hold off selling their homes as there was a serious threat to their health and the general focus of Sellers shifted away from selling their homes and towards managing their family through a health crisis. Furthermore, the vast majority of those who considered selling have simply deferred doing so until the economy re-opens and there isn't such a threat to their well being. That coupled with many other inconveniences put Seller's off for the time being.

Month In Review

Covid-19 Impacts to The Vancouver Real Estate Market

Furthermore, the service sector was hit very hard. The lessons of the 2008 economic crash taught us that the bottom of economic earners were typically the first and the hardest hit; while higher paying tech jobs, professionals and corporate employees remained largely incubated from the impact of the changes. The service sector is largely made up of local renters and if their ability to pay their rent is impacted because they cannot work, we will begin to see prices for some property types soften in the short run until their employment returns.

Depending on the information source used, many major Canadian Banking institutions such as RBC and CIBC Bank are calling for the median house price to fall anywhere from 5% to 10% nationally over the next 1.5 years. With nearly 3 million Canadians out of work, it's difficult to imagine that prices won't get negatively impacted; however Canada has many strong micro markets throughout the country that will likely buck those forecasts as places like Vancouver, Montrael & Toronto typically outperform the national averages by a fair margin



How Will Covid-19 Affect What People Buy?

Covid-19 Impacts to The Vancouver Real Estate Market

It's possible those looking for townhouses and condo's may make the switch to live further out from the city as companies begin to restructure their businesses with employees working from home. That will put more demand and emphasis on residences in suburbs with home offices, or larger townhomes and condos that have spaces to convert to home offices. There will also be a large demand for outdoor space as many families will now seek to have some space in the event of further lockdowns.

BC appears to be fairing as one of the healthiest places in the world to live in terms of our battle against Covid-19.

Vancouver is already a very international city and as international politics begin to get complicated in places all over the world and in particular Hong Kong, it's very possible that we will see the return of many Canadian foreign nationals. When the borders open up, BC will become a popular destination for many international families looking for a stable government, universal health care, transparent banking and a great education system. However, it's likely we won't see the impacts of this until we return to a more normal operating environment.





Greater Vancouver Real Estate Stats

Average Home Prices Increase Through First Full Month Of Quarantine

Record low sales volumes did not deter home prices increasing in April.

The average home sale price for the month was \$1,036,000, up \$2,300 or .03% from March. Prices are up \$25,800 Year over Year or +2.5% since April 2019.

This also marks the 7th straight month in a row of average home price increases.

Sales Volume for the month of April 2020 was a record low 1,109. A number not seen since the data reporting began. The only months where sales volumes were lower was November & December 2008, January 2009, December 2018 and January 2019.

Sales Volume was 56.1% lower than March 2020, and 39.4% lower than April 2019 - an already very low base line.

Last month's sales were 62.7 per cent below the 10-year April sales average and was the lowest total for the month since 1982.

New listings emulated sales as only 2,313 new homes hit the market in April. This is down 47.9% from March and 57.9% lower than April 2019.

Total inventory sits at 9,389, down 536 or 2.3% from March. Inventory is 34.6% lower than April 2019.

For all property types, the sales-to-active listings ratio for April 2020 dropped dramatically from 25.4% in March to 11.8% in April. By property type, the ratio is 10% for detached homes, 14.7% for townhomes, and 12.4% for apartments.

Generally, analysts say downward pressure on home prices occurs when the ratio dips below 12 per cent for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months.

Greater Vancouver Real Estate Stats

Average Property Prices

The average home price in Vancouver increased for a seventh month in a row with the median sales price hitting \$1,036,000. This represents a \$45,400 increase since the September 2019 low of \$990,600. This also represents a 2.5% increase over this time last year.



ALL PROPERTY TYPES

AVERAGE SALE PRICE

\$1,036,000

APRIL 2019: **\$1,010,200**

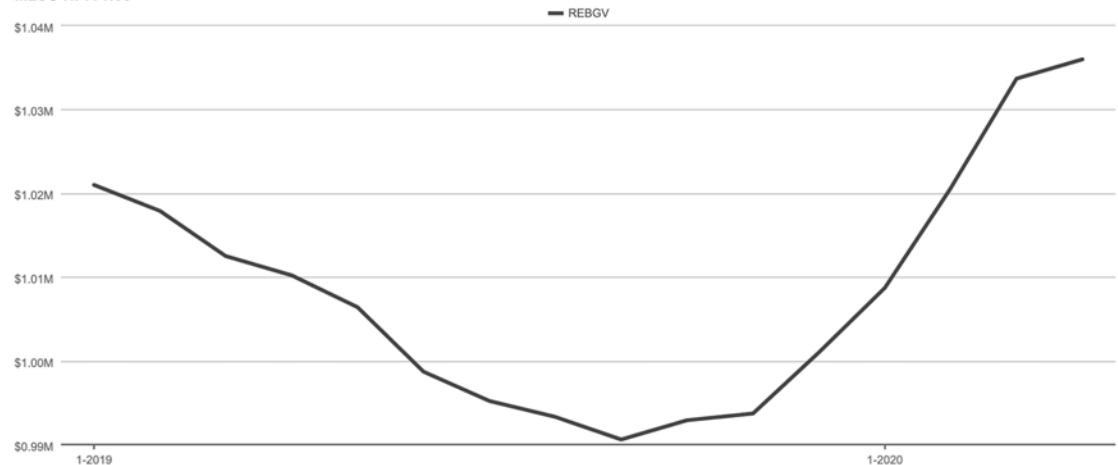
Y/Y CHANGE

2.5%

+ \$25,800



MLS® HPI Price



Greater Vancouver Real Estate Stats

Total Volume of Property Sales

Sales Volume for the month of April 2020 was 1,109, the lowest total for the month since 1982.

Sales Volume was 56.1% lower than March 2020, and 39.4% lower than April 2019 - an already very low base line.

Last month's sales were 62.7 per cent below the 10-year April sales average.



ALL PROPERTY TYPES

HOMES SOLD

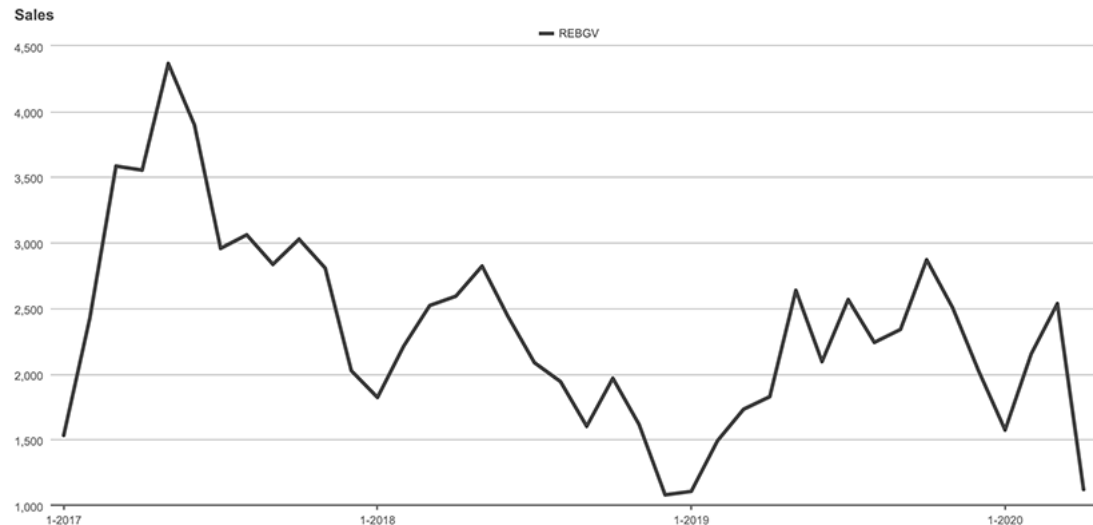
1,109

APRIL 2019: **1,829**

Y/Y CHANGE

39.4%

- 720



Greater Vancouver Real Estate Stats

Newly Listed Homes

New listings emulated sales as only 2,313 new homes hit the market in April. This is down 47.9% from March and 57.9% lower than April 2019.

NEWLY LISTED

2,313

APRIL 2019: 5,742

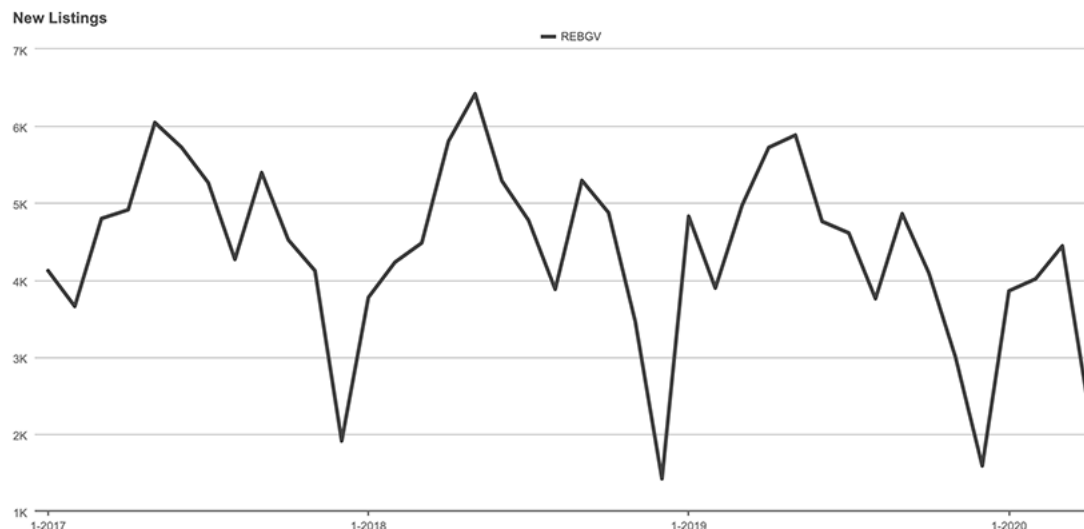
Y/Y CHANGE

57.9%

- 3,429



ALL PROPERTY TYPES



Greater Vancouver Real Estate Stats

Total Inventory

The total number of homes currently listed for sale on the MLS® system in Metro Vancouver is 9,389, a 34.6% decrease compared to April 2019 (14,357) and a 2.3% decrease compared to March 2020 (9,606).

TOTAL INVENTORY

9,389

APRIL 2019: **14,357**

Y/Y CHANGE

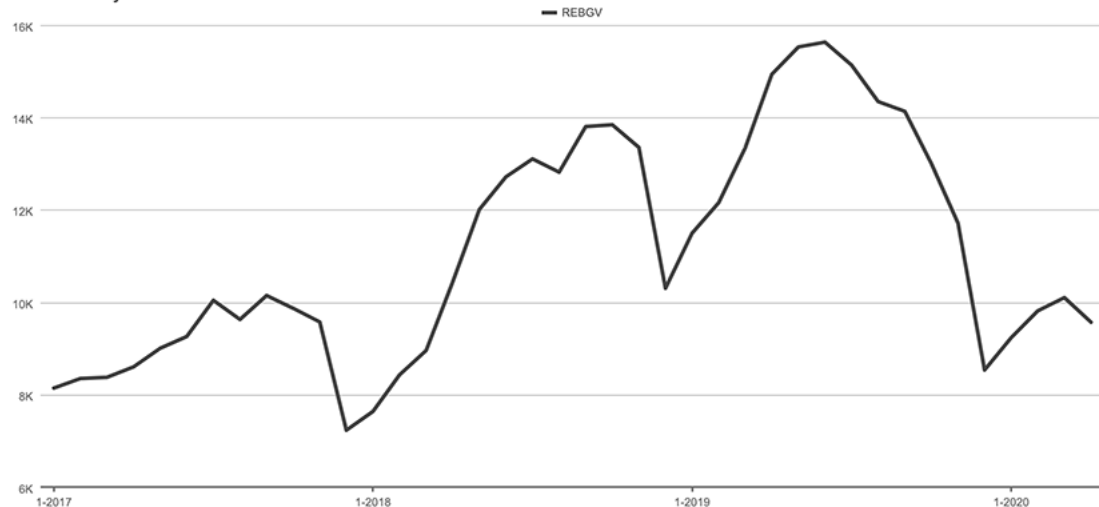
34.6%

- 4,968



ALL PROPERTY TYPES

Total Inventory



Greater Vancouver Real Estate Stats

Sales to Active Listings Ratio

For all property types, the sales-to-active listings ratio for April 2020 dropped dramatically from 25.4% in March to 11.8% in April. By property type, the ratio is 10% for detached homes, 14.7% for townhomes, and 12.4% for apartments.

Generally, analysts say downward pressure on home prices occurs when the ratio dips below 12 per cent for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months..



ALL PROPERTY TYPES

SALES RATIO

11.8%

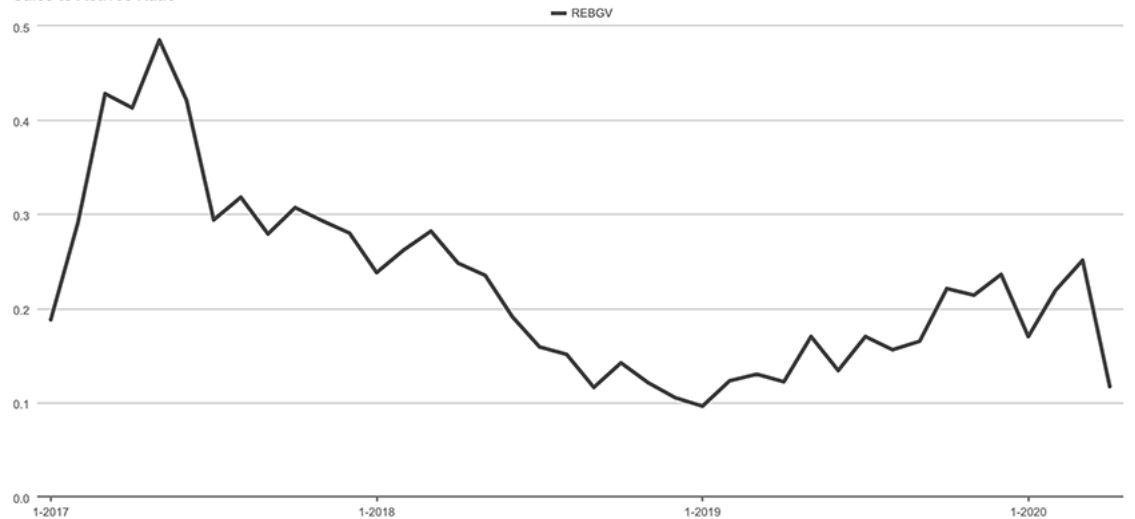
APRIL 2019: **12.0%**

Y/Y CHANGE

0.2%

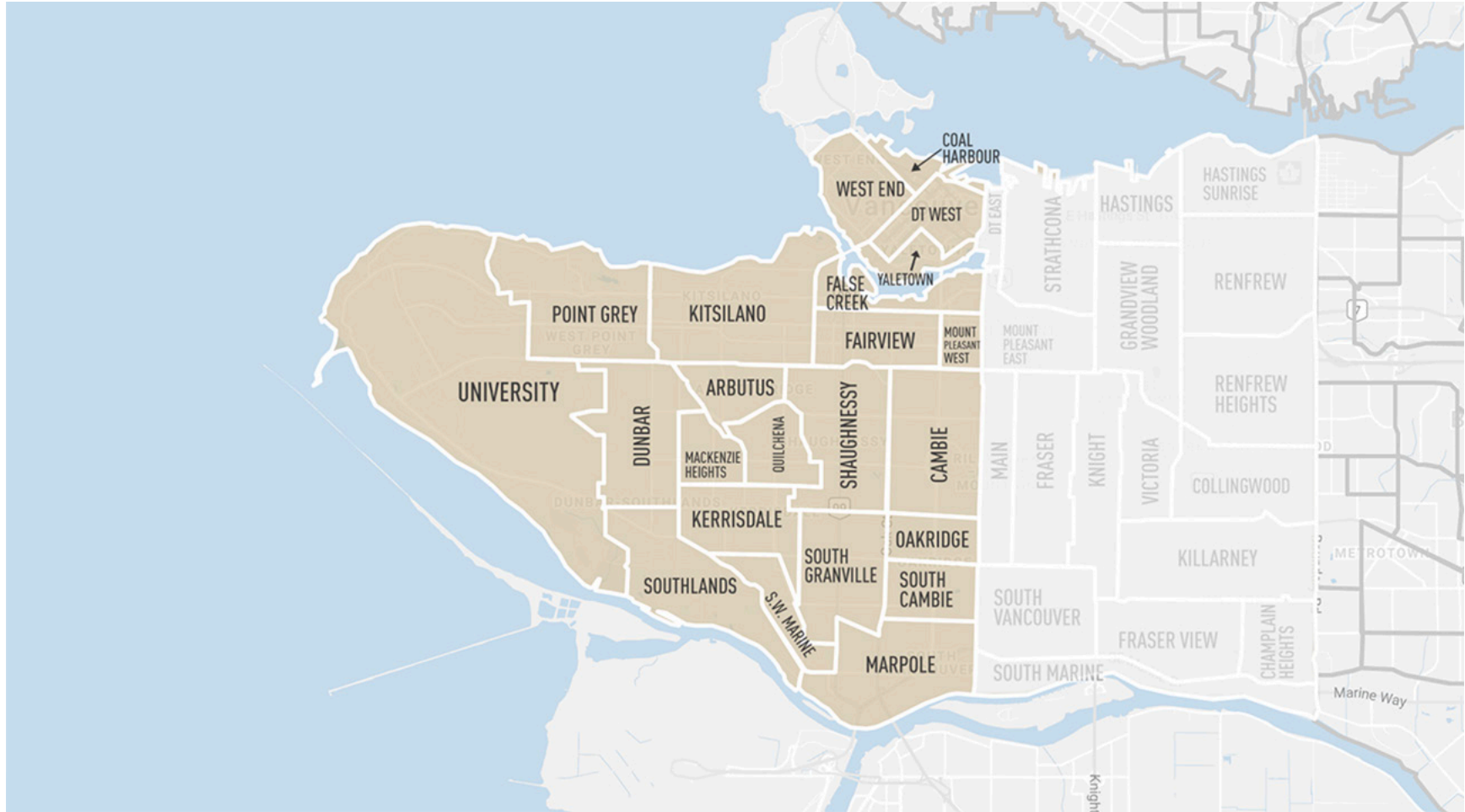


Sales to Actives Ratio



Vancouver West Real Estate Stats

A Focused Look At How The Vancouver West Market Performed In April





Vancouver West Detached Stats
APRIL 2020

Vancouver West Real Estate Stats : Detached

Average Property Prices for the Detached Home Market

The average price for a Vancouver West Detached home in April 2020 was \$2,975,400. This represents a 1% or \$27,300 increase from April 2019.

Homes are up \$94,600 since the recent August 2019 low of \$2,880,800.



AVERAGE SALE PRICE

\$2,975,400

APRIL 2019: **\$2,948,100**

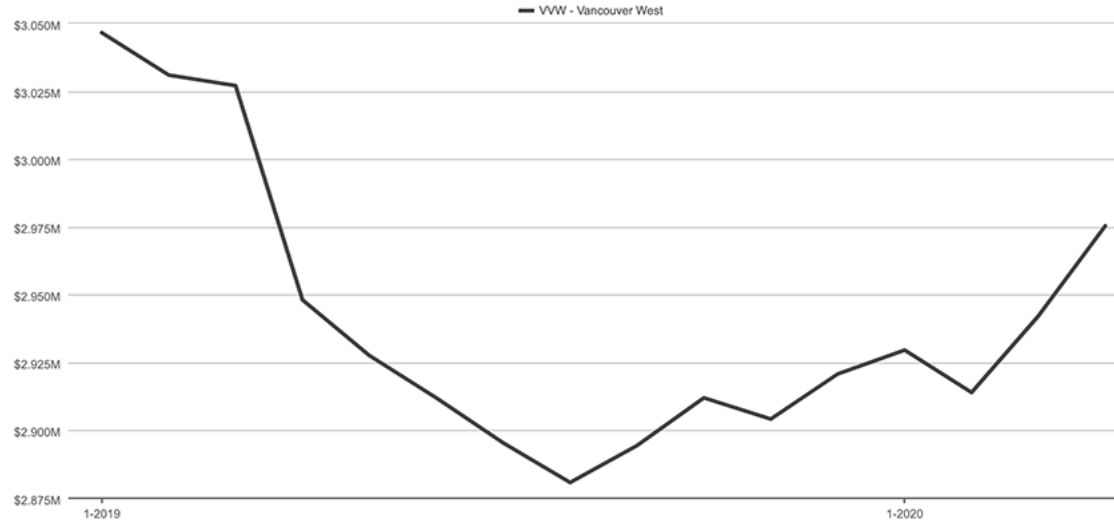
Y/Y CHANGE

1.0%

+ \$27,300



MLS® HPI Price



Vancouver West Real Estate Stats : Detached

Total Sold, Listed, Inventory & Sales Ratio For Detached Homes In The Region

Outside of the average price increasing, all of the other housing categories were in the negative. New listings took the biggest hit, down almost 72%, which helped prop up prices as demand outweighed supply.

The market is largely in a freeze where both buyers and sellers are on the sidelines waiting for Covid-19 to pass and consumer confidence to rise.



HOMES SOLD

36

APRIL 2019: **63**

Y/Y CHANGE

42.9%

- 27



NEWLY LISTED

64

APRIL 2019: **225**

Y/Y CHANGE

71.6%

-161



TOTAL INVENTORY

452

APRIL 2019: **765**

Y/Y CHANGE

41.0%

- 313



SALES RATIO

8.0%

APRIL 2019: **8.2%**

Y/Y CHANGE

0.2%



Vancouver West Townhome Stats

APRIL 2020



Vancouver West Real Estate Stats : Townhome

Average Property Prices for the Townhome Market

The average price for a Vancouver West Townhome in April 2020 was \$1,131,800. This represents a 2.2% or \$24,400 increase from April 2019.

AVERAGE SALE PRICE

\$1,131,800

APRIL 2019: **\$1,107,400**

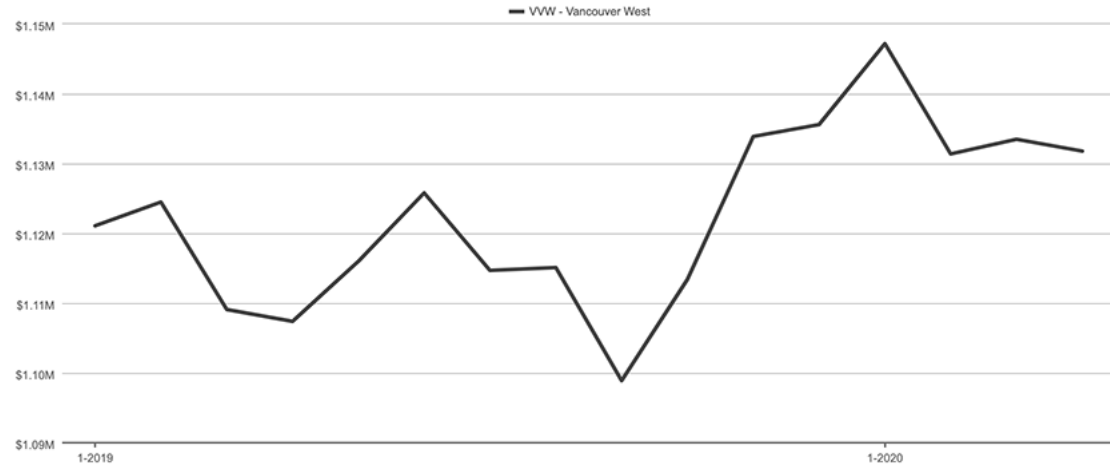
Y/Y CHANGE

2.2%

+ \$24,400



MLS® HPI Price



Vancouver West Real Estate Stats : Townhome

Average Property Prices for the Townhome Market

Similar to the Detached market, townhomes were up in price, but down in almost every category. The Sale to Active Listings Ratio rose slightly, just dipping into Balanced Market territory.



HOMES SOLD

24

APRIL 2019: **32**

Y/Y CHANGE

25.0%

- 8



NEWLY LISTED

51

APRIL 2019: **140**

Y/Y CHANGE

63.6%

-89



TOTAL INVENTORY

181

APRIL 2019: **292**

Y/Y CHANGE

38.1%

- 111



SALES RATIO

13.3%

APRIL 2019: **11.1%**

Y/Y CHANGE

2.2%





Vancouver West Condo Stats

APRIL 2020

Vancouver West Real Estate Stats : Condo

Average Property Prices for the Condominium Market

The average price for a Vancouver West condo in April 2020 was \$805,900. This represents a 5.1% or \$41,300 increase from April 2019.

Condo prices have risen \$61,600 since the recent June 2019 low of \$744,300

AVERAGE SALE PRICE

\$805,900

APRIL 2019: **\$764,600**

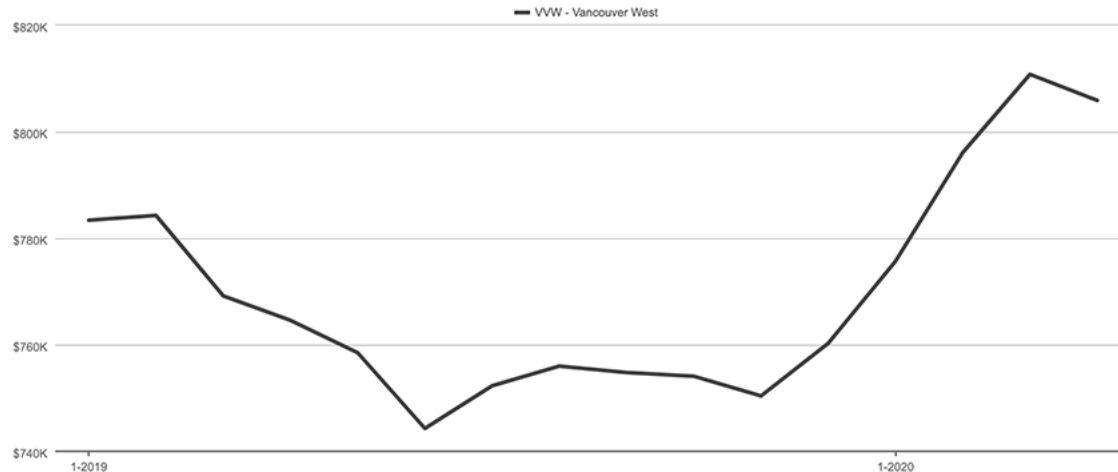
Y/Y CHANGE

5.1%

+ \$41,300



MLS® HPI Price



Vancouver West Real Estate Stats : Condo

Average Property Prices for the Condominium Market

Outside of the average price increasing, all of the other categories were in the negative. New listings took the biggest hit, down almost 59%, which helped prop up prices as demand outweighed supply.

The market is largely in a freeze where both buyers and sellers are on the sidelines waiting for Covid-19 to pass and consumer confidence to rise.



HOMES SOLD

129

APRIL 2019: **232**

Y/Y CHANGE

44.4%

- 103



NEWLY LISTED

316

APRIL 2019: **766**

Y/Y CHANGE

58.7%

- 450



TOTAL INVENTORY

1,111

APRIL 2019: **1,807**

Y/Y CHANGE

38.5%

- 696



SALES RATIO

11.6%

APRIL 2019: **12.8%**

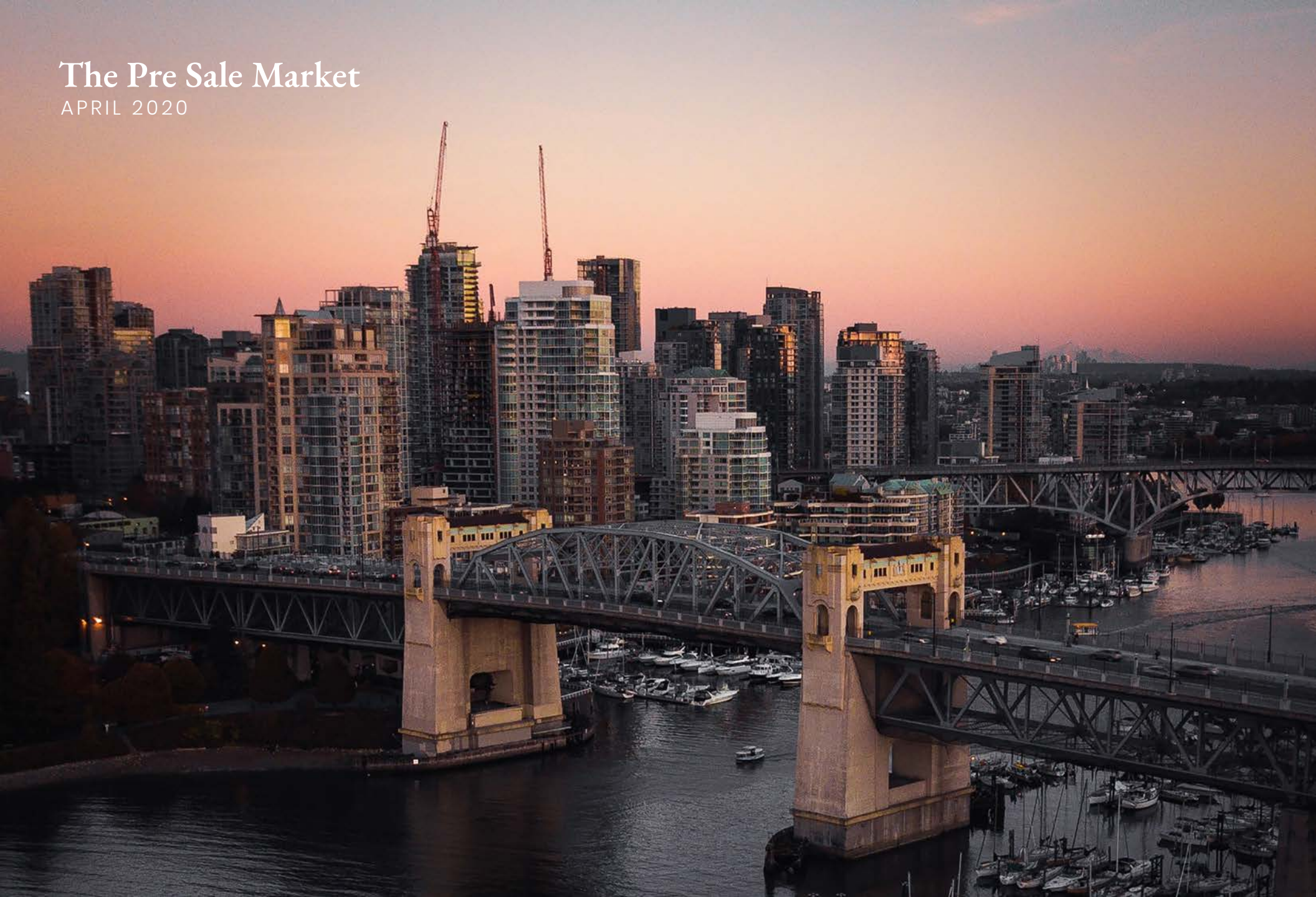
Y/Y CHANGE

0.8%



The Pre Sale Market

APRIL 2020





The Pre Sale Market

An overview of how the Pre Sale performed in the month of April 2020

April was the first full month to be impacted by the Covid-19 restrictions. The number of projects launched decreased from March to April by nearly 50% and the number of pre-sale units for sale dropped from 723 to 283. The social distancing procedures led to project presentation centres completely closing down, except for private appointments. After the restrictions were implemented a number of projects took to investing in online sales tools to help catch buyers that were still had the motivation to purchase. The three most used tools to give clients more information about projects have been Zoom, Google Meet and Facetime. Many projects have also added a self guided 3D tour of project presentation. In general there was decent pre-sale activity in April, driven mostly by townhome projects that are closer to being completed. Out of the 283 units available 48 of them were able to sell, giving April a sold rate of 17%.

With it being unclear as to when large social gatherings will be allowed to take place and with majority of the population becoming socially aware of space and hygiene, consumer confidence will indefinitely take a hit.

Buyers can expect more information to be available online now than ever before and an increasing number of contracts being done with no contact. There is a vast amount of opportunities available for those leading the way on the tech side of sales and marketing.

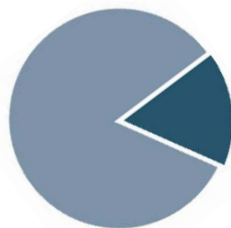


The Pre Sale Market

An overview of how the Pre Sale performed in the month of April 2020

Townhome projects are being accepted at a much higher rate and are continuing to move forward. Larger condominium projects are facing a ton of uncertainty around financing and construction timelines, which is affecting investor attitudes. With all that being said there was an increase in marketing activity in the final two weeks of April as projects start to adjust to the new guidelines for selling real estate. An estimated four large townhome projects will launch sales in May, bringing 180 pre-sale units to the market, concentrated in Coquitlam, Surrey, and Vancouver West.

GVRD & FRASER VALLEY SOLD RATE APRIL 2020



17% Sold

283 Units Brought To Market

UPCOMING PROJECT LAUNCHES MARCH TO MAY 2020



MONTH	PROJECTS	UNITS
March	8	723
April	5	283
May	4	180

BANQUE
DU
CANADA

Interest Rates & Mortgages
APRIL 2020



Mortgage & Interest Rate Update

The International Monetary Fund (IMF) predicts our economy will shrink by 6.2% in 2020.

As you've probably guessed, COVID-19 has hit our economy hard. The International Monetary Fund (IMF) predicts our economy will shrink by 6.2% in 2020, and then rebound to 4.2% growth in 2021, as long as we contain the virus, but there may be a rebound in the not too distant future.

Many of our economists say there could be a very modest recovery in the latter half of this year, with a strong rebound in 2021.

Financial support for businesses and individuals, rolled out by all levels of government, has eased some of the stress and Canadians remain hopeful.

As with everything else, the mortgage industry has adapted. Lenders offered mortgage holders up to six month's payment deferrals. Lenders also implemented work-at-home protocols to make sure that files already in the queue were closed on time. Documentation has now largely gone online with most lenders accepting e-signatures. And we continue to see refinances and switch/transfers as lenders accept 'modified' appraisals.

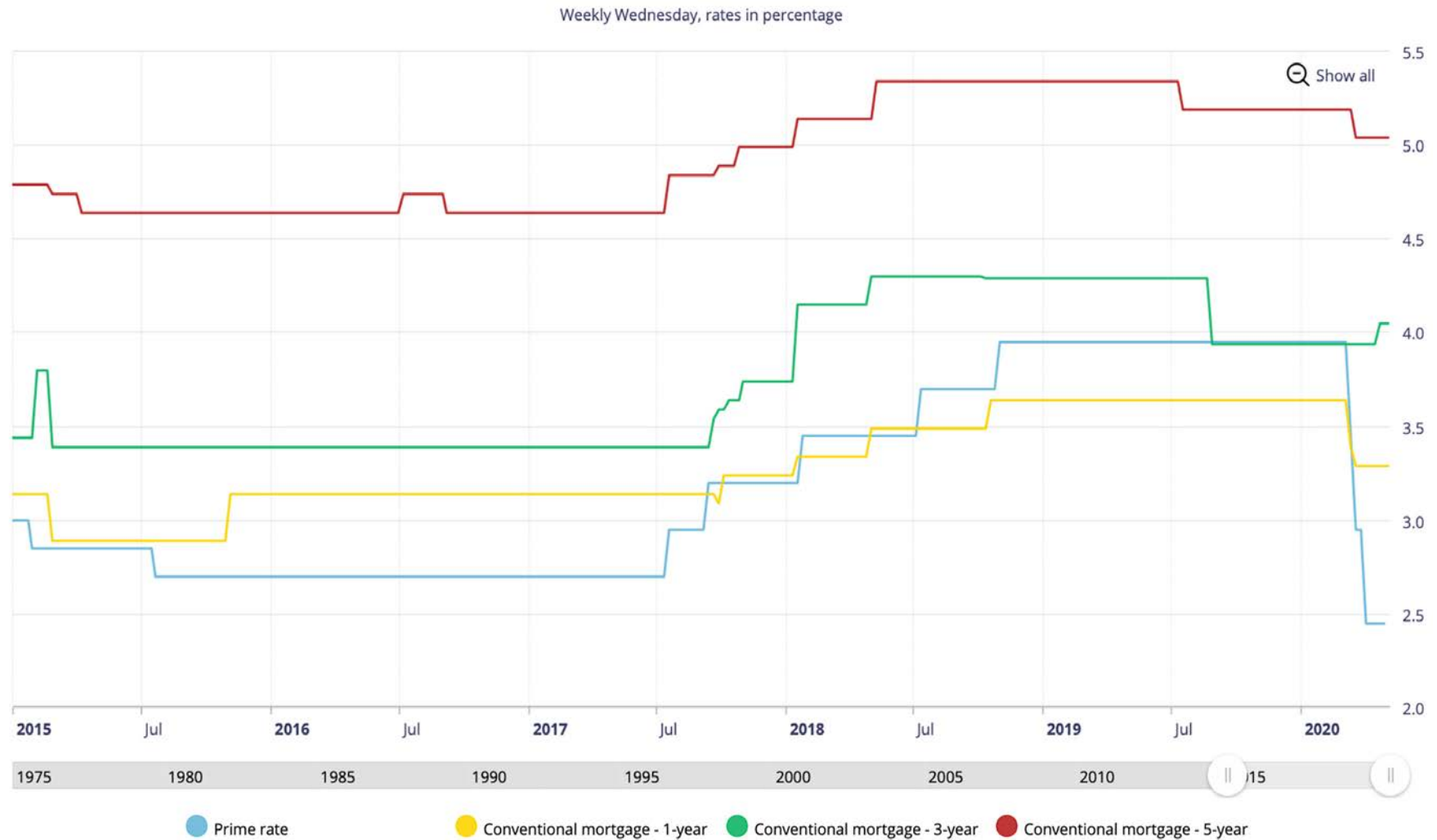
Mortgage interest rates have been on a bit of a roller coaster. In March 2020, fixed-rate mortgage rates fell to as low as 2.39%, but then went up to about 2.84% to 2.99%, but are now starting to trend downwards again. Also, in March, The Bank of Canada cut its overnight rate three times - - it now sits as .25%. Most lenders lowered their prime lending rates to 2.45%; however, the deep discounts have disappeared. Variable-rates are sitting at approximately Prime minus 20 basis points (2.25%) to Prime plus 10 basis points (2.55%) for qualified borrowers depending on the nature of their financing.

The housing market is a vital component to the success of the Canadian economy. As we can see by the recent data, not everyone is out of work and people are still buying and selling houses.

Eventually the economy will start to turn around but low interest rates will likely be with us for a while as we start the road to economic recovery.

Mortgage & Interest Rate Update

Interest Rates Posted For Selected Products By The Major Chartered Banks





Canadian Employment

The Canadian Unemployment Rate hits 13% in April, while BC hits 11.5%

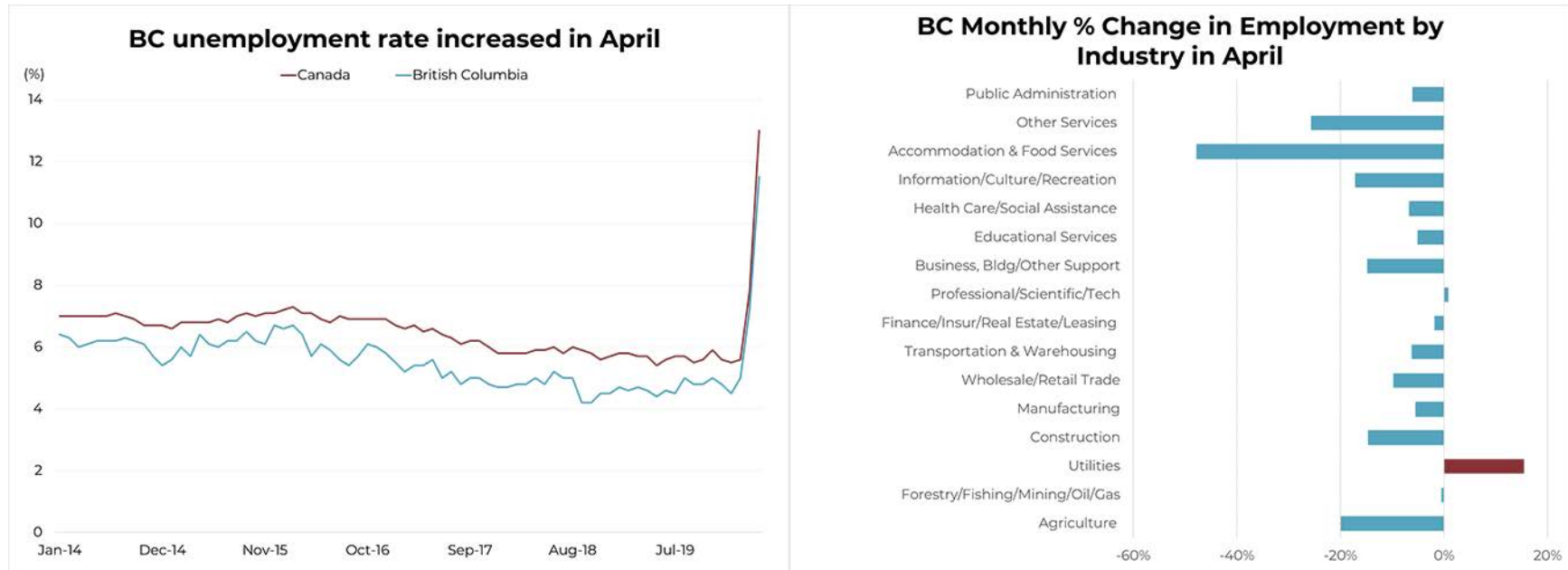
Canadian employment fell again in April by a devastating 2 million jobs, bringing the total number of lost jobs to 3 million since February. The unemployment rate rose from 7.8% to 13% for a total raise of 5.3% and this is due to the fact that last months report did not reflect the closure of non essential businesses or the introduction of travel restrictions. This is nearly the same rate as the 1981/1982 recession, the percentage of its peak was 13.1%. If the report were adjusted to reflect those who wanting to work, but couldn't because of the pandemic, the rate would have been 17.8% in April.

In BC alone employment fell by 264,000 jobs in April and the provincial unemployment rate went from 7.2% to 11.5%. Employment fell in all industries except for utilities and 75% of the decline was full-time work. Compared to last year, BC's employment has decreased by 16.4%

As restrictions from the Covid crisis begin to come off, it is expected that some people will return to work or have their hours increased. This will largely depend on peoples willingness to go back to work despite the ongoing health concerns. In April, it was calculated that roughly 3.8 million people who had some sort of attachment to their job but were unable to work due to the pandemic. In BC the industry hit the hardest in employment was accommodation and food services, having dropped over 40% in employment in April.

Canadian Employment

The Canadian Unemployment Rate hits 13% in April, while BC hits 11.5%





Looking Ahead

Insights Into What To Expect In The Vancouver Housing Market Over The Next Few Months

During these unique times people are asking more than ever, when will prices fall, and by how much?

Making predictions in uncharted waters is tricky.

According to CMHC, in a best case scenario national home prices will rebound to their pre-virus levels at the end of 2022. On the other hand, a major bank last week suggested national home prices would be up 11% by the end of 2021.

Guessing real estate prices 2 years out while we were only in month 2 of the pandemic is really anyone's guess.

What we have seen in the early days is that there is no panic selling. The banks have done a good job easing tensions by allowing mortgage deferrals. To date it is documented that around 15% of all mortgages have been deferred. Showing that at least 85% of homeowners did not feel financially stressed enough to take the banks up on their offer.

The unemployment numbers, however, are impossible to ignore. Though when we dig a little deeper, only 1.3% of high income jobs have been lost as of May 1st. This means it is largely part time and low income jobs that are the first to disappear during the pandemic.

One could assume that the people that did lose their jobs are predominately renters - and were not about to purchase a property.

This would however affect the rental housing provider that does own the home that renters live in. Even then, the Georgia Straight reported that 87% of Canadian renters paid rent in full for the month of May. So while these landlords may be seeing short term rental decreases, they can offset these losses with mortgage deferrals - and sustain months and months of carrying costs.

Early sales volume numbers for the month of May look to be increasing by around 20% over April.



Looking Ahead

Insights Into What To Expect In The Vancouver Housing Market Over The Next Few Months

Looking Forward, What will be in demand?:

Prior to Covid-19, the local Vancouver real estate market in early 2020 was showing strong demand with multiple months of consecutive price increases and weakening supply numbers as major companies like Amazon, Sales Force and Shopify made announcements that they would be moving thousands of well paid employees to Vancouver. Many of these employees arrive in Vancouver, rent for six months to a year and then begin the home buying process once their permanent residency status is achieved. With many more to come, the tech industry is waiting for the borders to re-open so that their employees can come across the line. This will certainly help boost rental rates for investors and eventually property prices will follow.

Until such time though, closing the border to non-essential travel will slow down the rate of immigration this year.

Canada depends on larger and larger immigration numbers to replace a retiring baby boomer workforce and as this slows down in the short run, it's possible we will see real estate prices soften until more international demand returns. This is however a short run prediction and is entirely predicated on the border reopening within a reasonable timeframe.

This means there's a great buying opportunity for locals who were experiencing a serious rise in demand prior to the Covid-19 lockdown. With cheap interest rates available for the foreseeable future, it is a great time to get a mortgage and get into a property. And as such, the last few weeks running up to May have shown a shift in the behaviour of local Buyers and Sellers as they become more interested in getting prepared to enter the market.

About The Vancouver Life

The Vancouver Life exists to provide exceptional Real Estate services that foster the goals and dreams of their clients and team members.

We know that every home, and every client, is different. It is for this reason that we custom tailor a Real Estate experience based entirely on each specific client's needs. Applying a personalized, professional and empowering approach results in a goal-driven plan and results that continue to outperform the industry standard.

With backgrounds in real estate development and investments, The Vancouver Life team has experience in every aspect of Real Estate and you can feel comfortable knowing they can navigate any scenario and tailor to their clients specific needs.

With a focus on open communication, integrity and attention to detail, The Vancouver Life Team ensures that our clients feel informed and confident during the purchase or sale of a home. With an entire Team working towards clients success, they know that we will always be available, working tirelessly to achieve each and every one of the clients goals.

The client experience is an extension of The Vancouver Life Real Estate Group, and we only settle for the best.

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Ryan Dash PREC



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