



THE VANCOUVER LIFE

Real Estate Market Report

PUBLISHED AUGUST 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



COVID19 Still Present as Vancouver Real Estate Market Fights Back With Best Month in 3 Years

The news this month is big. Sales volumes stats and prices are up across the board with all property types moving into a Seller's market. July has proven to be the best month in the last 3 years and not just in the GVRD, but across the whole region. After sales activity bottomed out in April, housing demand increased dramatically over the course of the following months and surged in June & July as Buyers came out in droves and supply remained limited.

The Real Estate Board of Greater Vancouver reported that residential sales totalled 3,128 in July 2020 which equates to a 22.3% increase from a year before and an even bigger 28% increase from June 2020.

If we step back and look at last month's sales against the last 10 years of sales volumes in July, we are 9.4% above the 10 year average.

Covid-19 restrictions are still in play; however, many of the restrictions have relaxed as new work safe measures are now in place to help guard the public against infection in public places. Social distancing, wearing masks and a good general understanding of how the virus spreads has allowed BC residents to combat the virus effectively. With such low infection numbers present, economic activity is constantly increasing as businesses return to a new operating environment.



Month In Review

COVID19 Still Present as Vancouver Real Estate Market Fights Back With Best Month in 3 Years

What's been fascinating to see is how businesses have changed and evolved as the necessity for employees to work from home has become prevalent in many cases. This phenomenon is not just happening in Vancouver but rather we are seeing global trend emerge as many employees begin to repurpose their residence to work from home. This has also put new found pressures on the real estate market as Buyer's that lived in the downtown core because it was close to their work, begin to leave these areas for less dense neighborhoods and bigger property.

While detached listings in the region climbed slightly month over month, supply has dropped by nearly 32% in June, followed by another 15% drop in supply for July. The average price of a single family home is up by about 6% year over year - pretty impressive performance considering everything that has occurred in 2020



Greater Vancouver Real Estate Stats

July Sales Volume Was Highest For Any Month Going Back 3 Years

Home buyer and seller activity in Metro Vancouver exceeded historical levels in July.

The Real Estate Board of Greater Vancouver reports that residential home sales in the region totalled 3,128 in July 2020, a 22.3% increase from the 2,557 sales recorded in July 2019, and a 28% increase from the 2,443 homes sold in June 2020.

July sales were the highest seen in 36 months. Last month's sales were also 9.4% above the 10-year July sales average.

Buyers and sellers that were sidelined in April and May, normally the busiest 2 months of the year, came out in force in July - a typically slower month. This fueled by low interest rates and limited overall supply are also increasing competition across our market.

All property types were in a Sellers Market in July with the sales-to-active listings ratio at 25.9%. 25.1% for detached homes, 31.1% for townhomes, and 24.7% for apartments.

There were 5,948 detached, attached and apartment properties newly listed for sale in Metro Vancouver in July 2020. This represents a 28.9% increase compared to the 4,613 homes listed in July 2019 and a 2.8% increase compared to June 2020 when 5,787 homes were listed.

The total number of homes currently listed for sale in Metro Vancouver is 12,083, a 15.1% decrease compared to July 2019 (14,240) and a 5.8% increase compared to June 2020 (11,424).

The average price for a home in Metro Vancouver is currently \$1,031,400. This represents a 4.5% increase over July 2019 and a 0.6% increase compared to June 2020.

Prices are up, sales are up, inventory is up and the pace is increasing. The last 2 weeks of July saw a 40% increase in sales volume over the first 2 weeks.

The August market looks to be a hot one.

Greater Vancouver Real Estate Stats

Average Property Prices

The MLS® Home Price Index composite benchmark price for all residential properties in Metro Vancouver is currently \$1,031,400. This represents a 4.5% increase over July 2019 and a 0.6% increase compared to June 2020.

Property prices are highest they've been since November 2018.



ALL PROPERTY TYPES

AVERAGE SALE PRICE

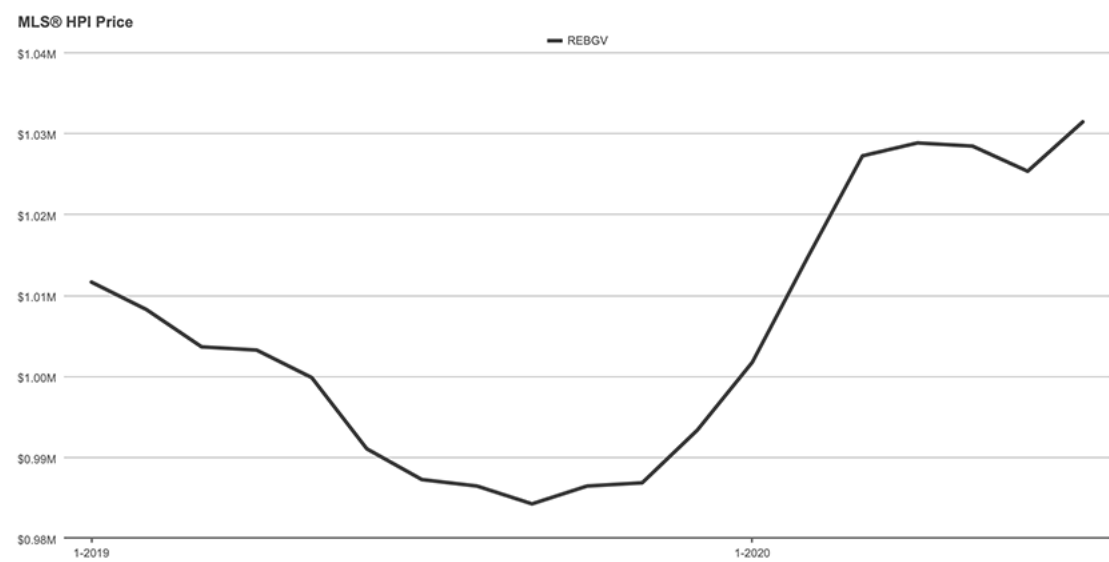
\$ 1,031,400

JULY 2019: \$987,200

Y/Y CHANGE

4.5%

+ \$44,200



Greater Vancouver Real Estate Stats

Total Volume of Property Sales

July sales were the highest seen in 36 months.

Last month's sales were also 9.4% above the 10-year July sales average.

Home sales in Metro Vancouver totalled 3,128 in July 2020, a 22.3% increase from the 2,557 sales recorded in July 2019, and a 28% increase from the 2,443 homes sold in June 2020.



ALL PROPERTY TYPES

HOMES SOLD

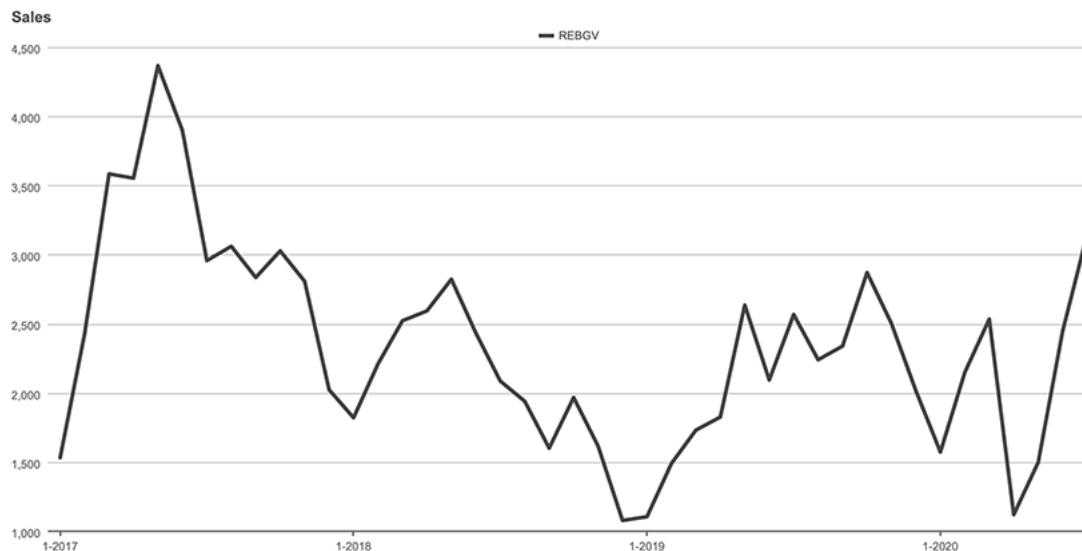
3,128

JULY 2019: 2,557

Y/Y CHANGE

22.3%

+ 571



Greater Vancouver Real Estate Stats

Newly Listed Homes

There were 5,948 detached, attached and apartment properties newly listed for sale in Metro Vancouver in July 2020. This represents a 28.9% increase compared to the 4,613 homes listed in July 2019 and a 2.8% increase compared to June 2020 when 5,787 homes were listed.



ALL PROPERTY TYPES

NEWLY LISTED

5,948

JULY 2019: 4,613

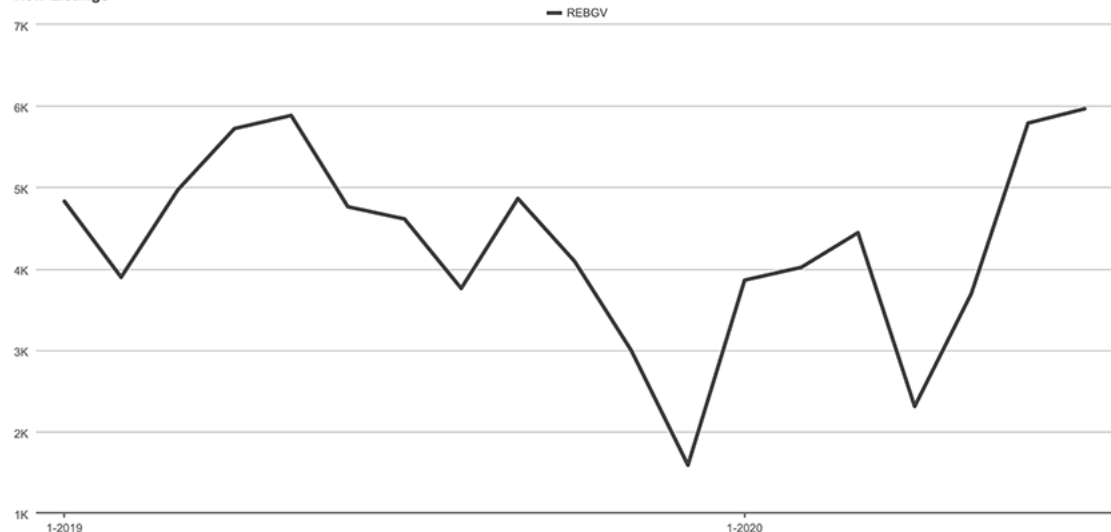
Y/Y CHANGE

28.9%

+ 1,335



New Listings



Greater Vancouver Real Estate Stats

Total Inventory

The total number of homes currently listed for sale in Metro Vancouver is 12,083, a 15.1% decrease compared to July 2019 (14,240) and a 5.8% increase compared to June 2020 (11,424).

TOTAL INVENTORY

12,083

JULY 2019: **14,240**

Y/Y CHANGE

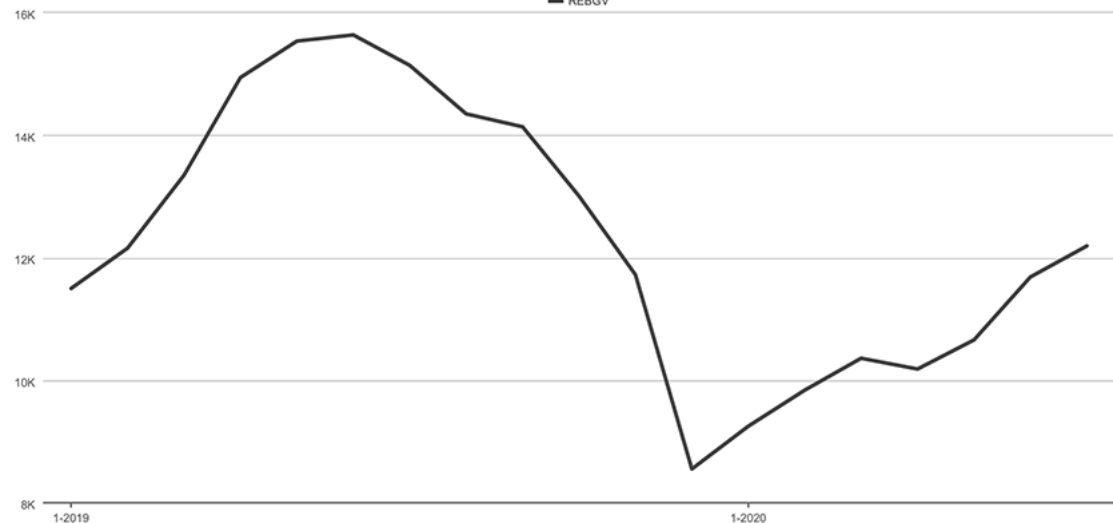
15.1%

- 2,157



ALL PROPERTY TYPES

Total Inventory



Greater Vancouver Real Estate Stats

Sales to Active Listings Ratio

All property types were in a Sellers Market in July with the sales-to-active listings ratio at 25.9%. This is the highest it has been dating back to March 2018.

25.1% for detached homes, 31.1% for townhomes, and 24.7% for apartments.



ALL PROPERTY TYPES

SALES RATIO

25.9%

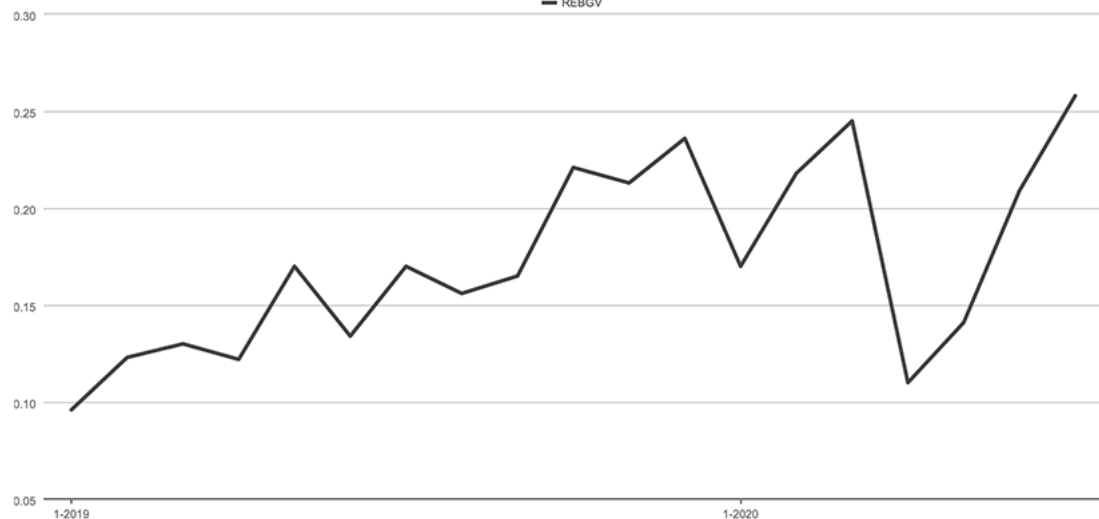
JULY 2019: 17.0%

Y/Y CHANGE

8.9%

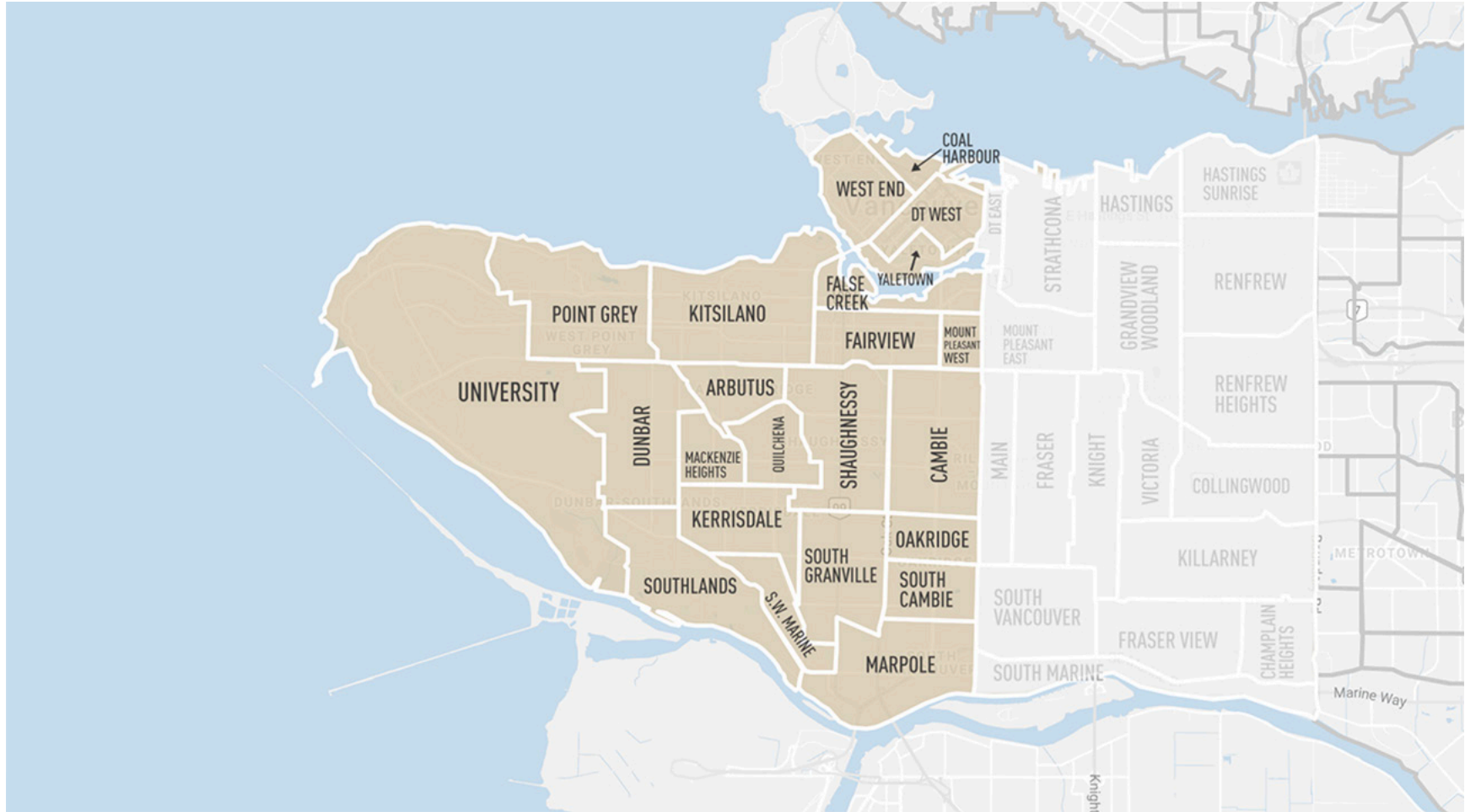


Sales to Actives Ratio



Vancouver West Real Estate Stats

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





Vancouver West Detached Stats
JULY 2020

Vancouver West Real Estate Stats : Detached

Average Property Prices for the Detached Home Market

The benchmark price for a detached home in Vancouver West is \$3,053,900. This represents a 3.5% increase from July 2019.

Prices have been increasing steadily since February and saw their first dip in July.



AVERAGE SALE PRICE

\$3,053,900

JULY 2019: \$2,946,200

Y/Y CHANGE

3.5%

+ \$ 107,700



MLS® HPI Price

\$3.10M

— VVW - Vancouver West

\$3.05M

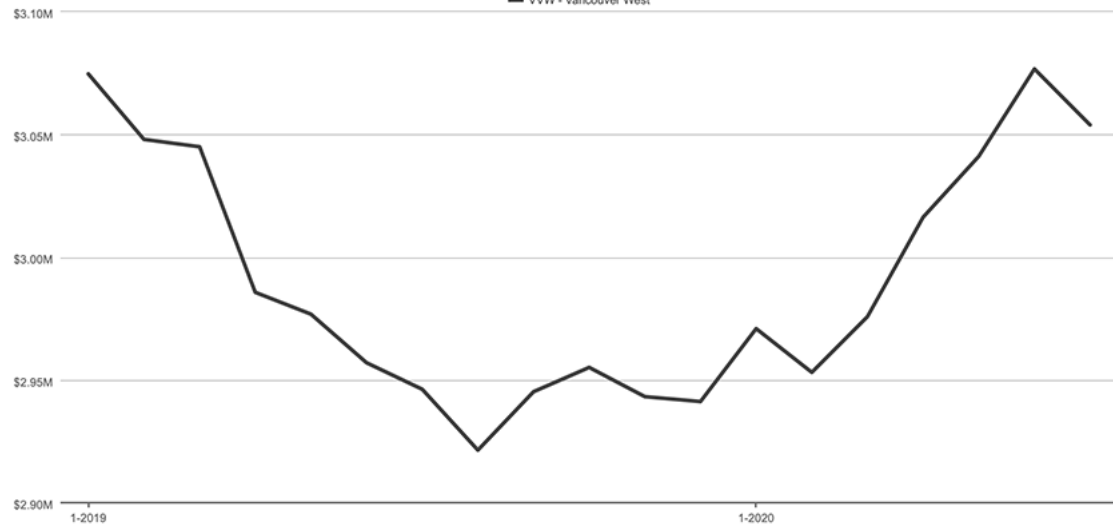
\$3.00M

\$2.95M

\$2.90M

1-2019

1-2020



Vancouver West Real Estate Stats : Detached

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

Vancouver West Detached sales remained fairly steady compared to one year ago, though low inventory drove prices and sales ratios upwards.

HOMES SOLD

77

JULY 2019: 80

Y/Y CHANGE

3.8%

- 3



NEWLY LISTED

214

JULY 2019: 180

Y/Y CHANGE

15.9%

+ 34



TOTAL INVENTORY

545

JULY 2019: 741

Y/Y CHANGE

26.5%

- 196



SALES RATIO

14.1%

JULY 2019: 10.8%

Y/Y CHANGE

3.3%



Vancouver West Townhome Stats

JULY 2020



Vancouver West Real Estate Stats : Townhome

Average Property Prices for the Townhome Market

Townhome prices increased 2.2% year over year and are up an average of \$25,200 compared to July 2019.

AVERAGE SALE PRICE

\$1,139,900

MONTH 2019: \$1,114,700

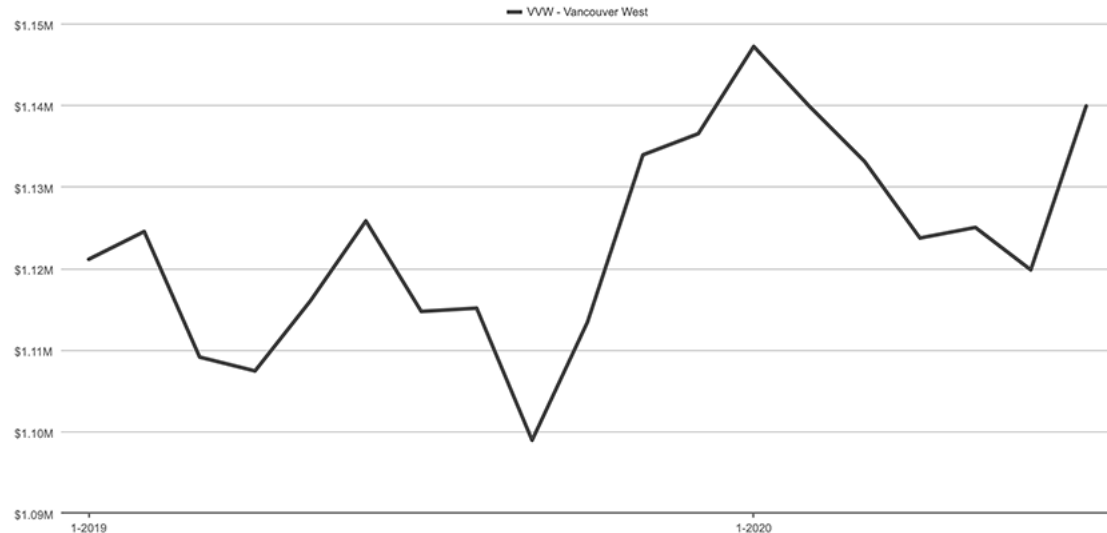
Y/Y CHANGE

2.2%

+ \$25,200



MLS® HPI Price



Vancouver West Real Estate Stats : Townhome

Average Property Prices for the Townhome Market

Sales volume of Vancouver West Townhomes remained steady while lower inventory pushed prices and sales ratios upwards.

HOMES SOLD

48

JULY 2019: 48

Y/Y CHANGE

0%

+ 0



NEWLY LISTED

102

JULY 2019: 89

Y/Y CHANGE

12.7%

+ 13



TOTAL INVENTORY

218

JULY 2019: 281

Y/Y CHANGE

22.4%

- 63



SALES RATIO

22.0%

JULY 2019: 17.1%

Y/Y CHANGE

4.9%





Vancouver West Condo Stats

APRIL 2020

Vancouver West Real Estate Stats : Condo

Average Property Prices for the Condominium Market

Condos rose an impressive 5.3% year over year, increasing in average price by almost \$42,000 compared to July 2019.

Condo prices had slid for 3 months, but rose overall in July.



AVERAGE SALE PRICE

\$794,200

JULY 2019: \$752,300

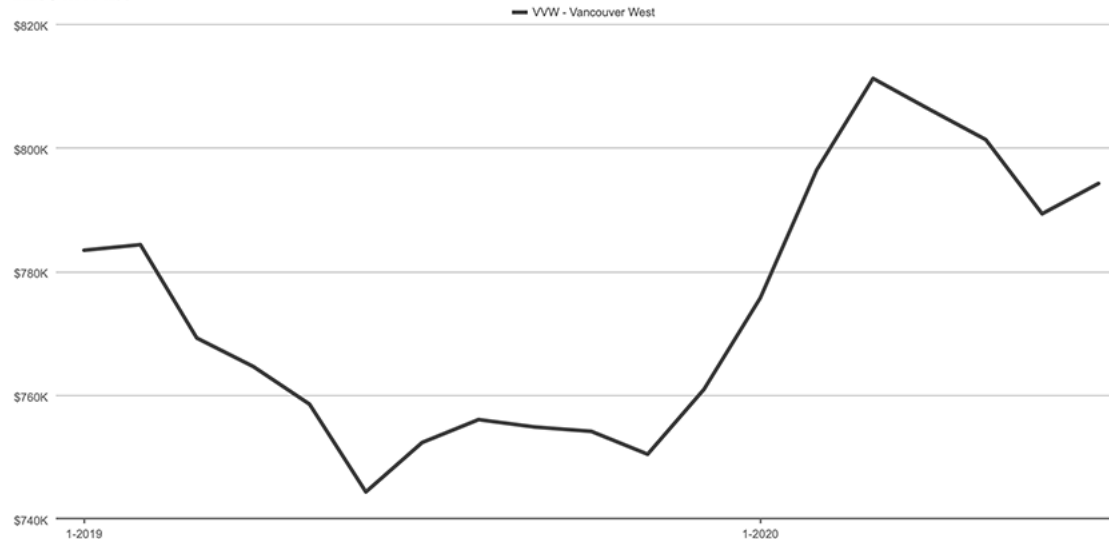
Y/Y CHANGE

5.3%

+ \$41,900



MLS® HPI Price



Vancouver West Real Estate Stats : Condo

Average Property Prices for the Condominium Market

Condo sales and inventory remained flat from 1 year ago, though a large jump in newly listed homes indicates the interest to offload this type of home. As people are changing their living habits we may see demand for condos continue to decline over the coming months.



HOMES SOLD

339

JULY 2019: **353**

Y/Y CHANGE

4.0%

- 14



NEWLY LISTED

865

JULY 2019: **603**

Y/Y CHANGE

30.3%

-262



TOTAL INVENTORY

1,667

JULY 2019: **1,656**

Y/Y CHANGE

0.07%

+ 11



SALES RATIO

20.3%

JULY 2019: **21.3%**

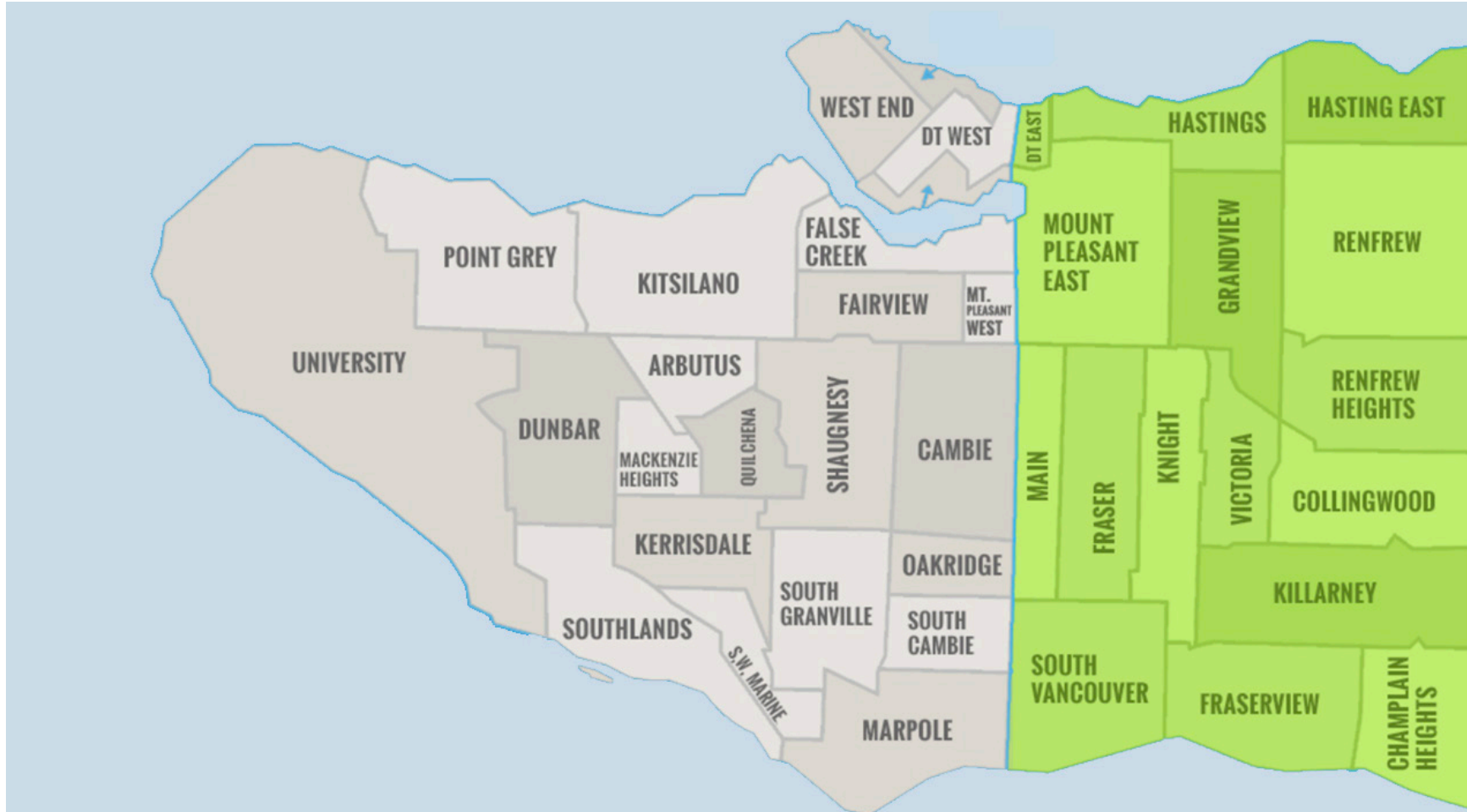
Y/Y CHANGE

1.0%



Vancouver East Real Estate Stats

A Focused Look At How The Vancouver East Market Performed In July



Vancouver East Detached Stats

JULY 2020



Vancouver East Real Estate Stats : Detached

Average Property Prices for the Detached Home Market

Vancouver East Detached properties are one of the most sought after in the entire GVRD. Prices outpaced almost all areas with an impressive 8.9% year over year gain, increasing by \$132,100 on average.

Home prices have increased for 13 straight months in the area.



AVERAGE SALE PRICE

\$1,487,300

JULY 2019: **\$1,355,200**

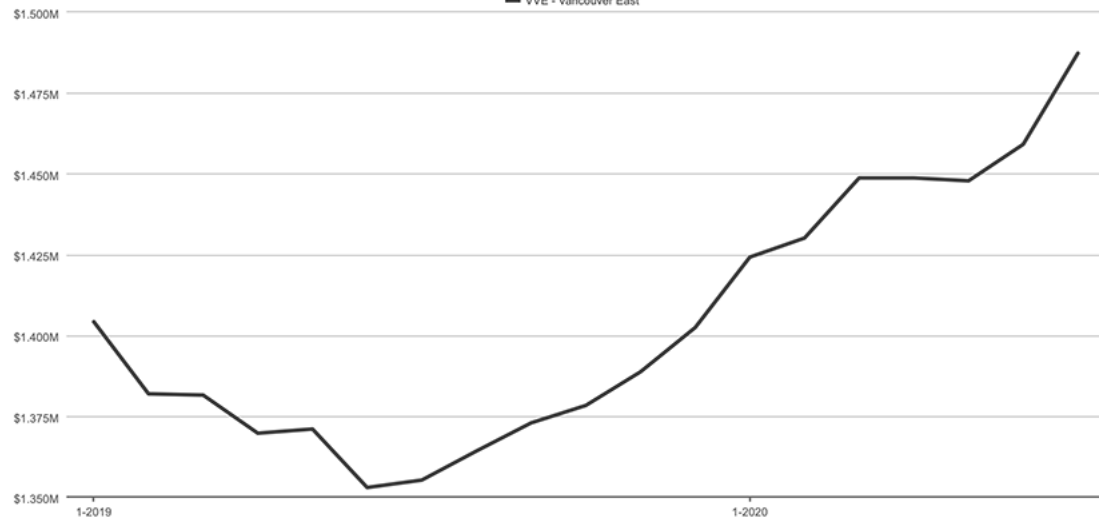
Y/Y CHANGE

8.9%

+ \$132,100



MLS® HPI Price



Vancouver East Real Estate Stats : Detached

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

Very low inventory coupled with a more attractive price point and demand for this property type drove prices up. The area is now heavily in favour of Sellers where we are seeing multiple offer scenarios on almost every decent Vancouver East listing.



HOMES SOLD

141

JULY 2019: 104

Y/Y CHANGE

26.2%

+ 37



NEWLY LISTED

224

JULY 2019: 182

Y/Y CHANGE

18.8%

+ 42



TOTAL INVENTORY

439

JULY 2019: 711

Y/Y CHANGE

38.3%

- 272



SALES RATIO

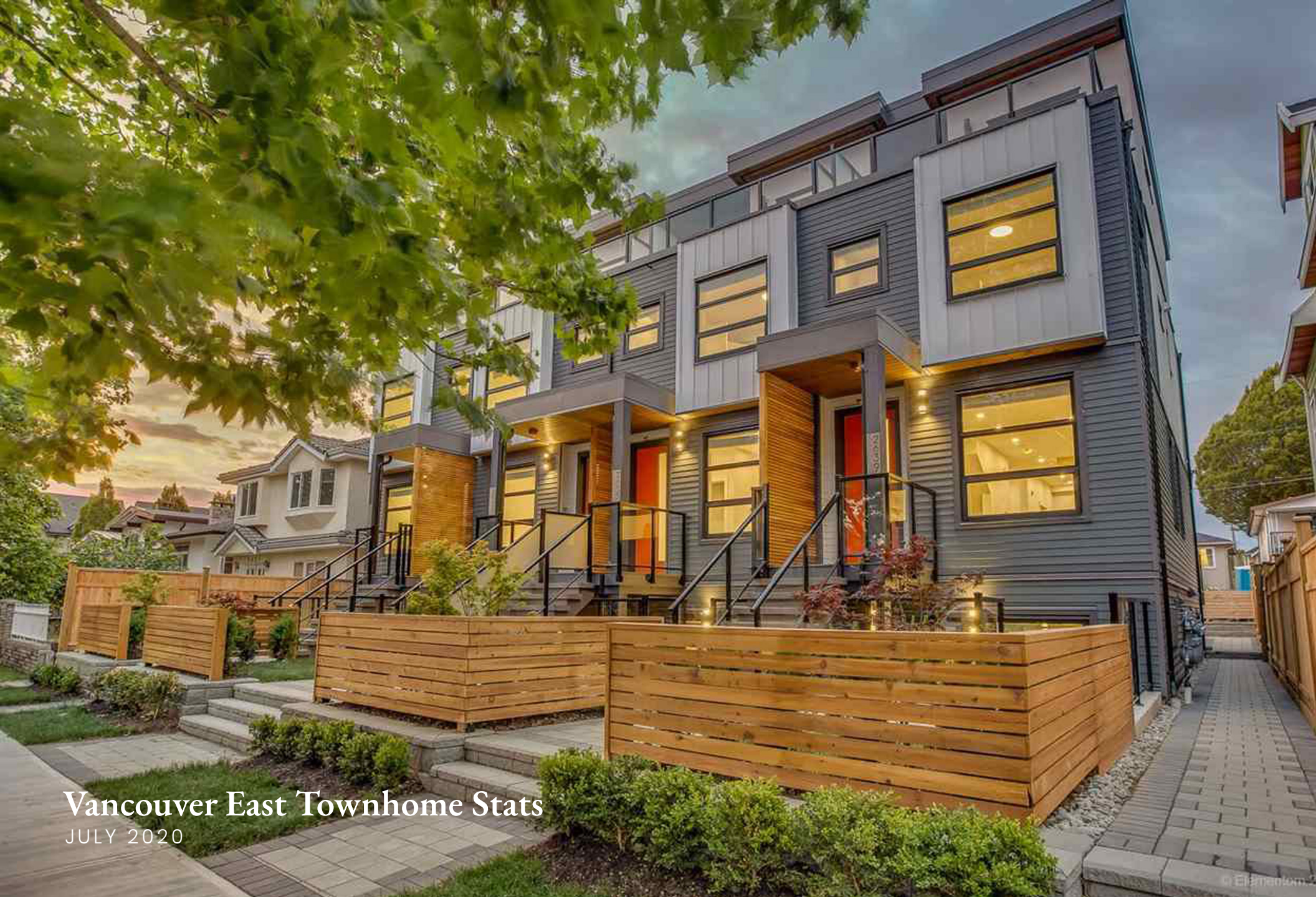
32.1%

JULY 2019: 14.6%

Y/Y CHANGE

17.5%





Vancouver East Townhome Stats

JULY 2020

Vancouver East Real Estate Stats : Townhome

Average Property Prices for the Townhome Market

Townhome prices increased 3.6% year over year and are up an average of \$31,800 compared to July 2019.

AVERAGE SALE PRICE

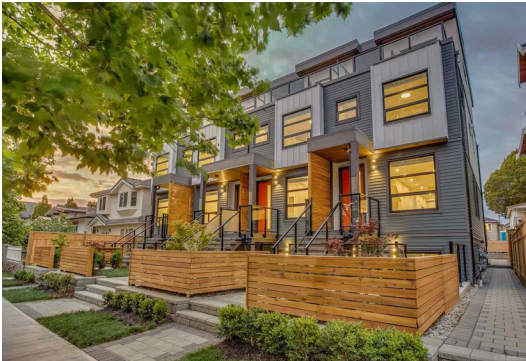
\$887,700

MONTH 2019: \$855,900

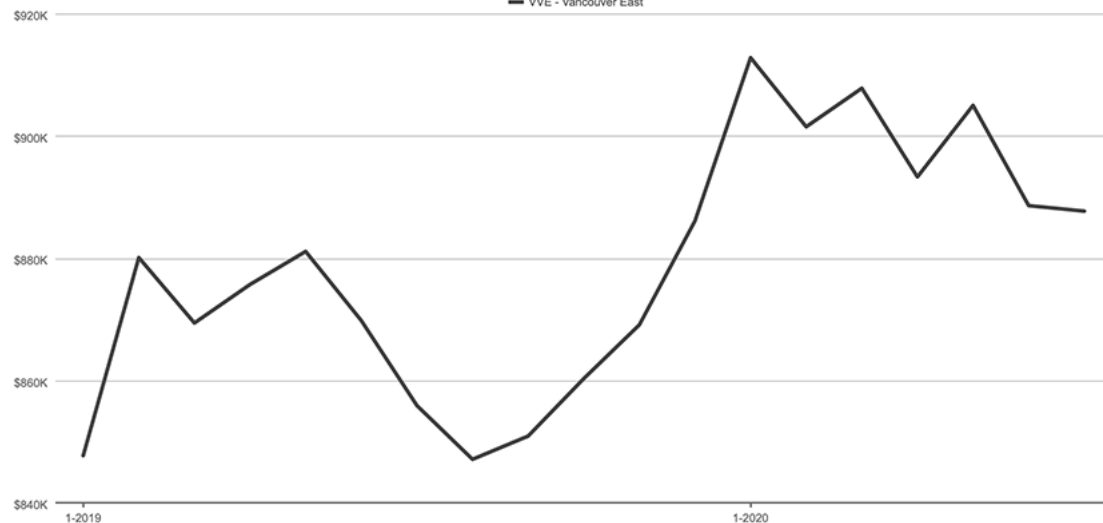
Y/Y CHANGE

3.6%

+ \$31,800



MLS® HPI Price



Vancouver East Real Estate Stats : Townhome

Average Property Prices for the Townhome Market

While inventory is lower than 1 year ago, it is trending upwards while prices are lowering. The Sellers Market sales ratio is an interesting one in comparison. We expect prices to fall further in the townhome market in this area.



HOMES SOLD

29

JULY 2019: 24

Y/Y CHANGE

17.2%

+ 5



NEWLY LISTED

75

JULY 2019: 39

Y/Y CHANGE

48%

+ 36



TOTAL INVENTORY

97

JULY 2019: 101

Y/Y CHANGE

4.0%

- 4



SALES RATIO

30.0%

JULY 2019: 24.0%

Y/Y CHANGE

6.0%





Vancouver East Condo Stats

JULY 2020

Vancouver East Real Estate Stats : Condo

Average Property Prices for the Condominium Market

Condos rose an iby 4.4% year over year, increasing in average price by \$26,100 compared to July 2019.

Condo prices had slid for 2 months, but rose overall in July.



AVERAGE SALE PRICE

\$590,300

JULY 2019: \$564,200

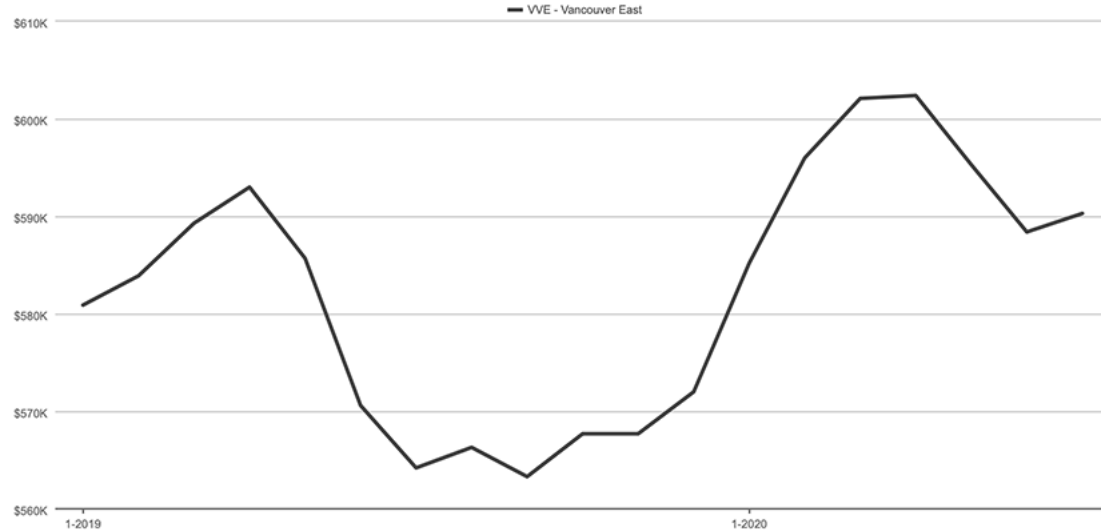
Y/Y CHANGE

4.4%

+ \$26,100



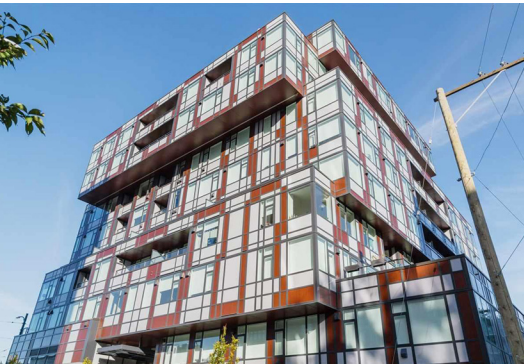
MLS® HPI Price



Vancouver East Real Estate Stats : Condo

Average Property Prices for the Condominium Market

Similar to townhomes, condo inventory is spiking while we are in a Sellers market. This leads us to believe prices may have downward pressure over the upcoming months.



HOMES SOLD

156

JULY 2019: 127

Y/Y CHANGE

18.6%

+ 29



NEWLY LISTED

333

JULY 2019: 211

Y/Y CHANGE

36.6%

+ 122



TOTAL INVENTORY

514

JULY 2019: 517

Y/Y CHANGE

0.06%

- 3



SALES RATIO

30.4%

JULY 2019: 24.6%

Y/Y CHANGE

5.8%



The Pre Sale Market

JULY 2020





The Pre Sale Market

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

There were 6 projects launched in July, which released approximately 221 units into the market; these projects were evenly dispersed throughout the lower mainland including markets such as Squamish, Vancouver West, South Surrey, and West Coquitlam. Same as the past few months, most of the new project launches were townhome developments, which continue to be absorbed by end-user families. It was positive to see among the project launches two bigger projects, even though they only release a small number of units in their initial launch. It shows that confidence is spreading throughout the market overall given that the projects have over 150 units in total each. There were 153 wood frame condominium units and 68 townhome units released to the market in July. July saw 13.6% of released inventory sell, which was similar to the June presale sold rate of 14.3%.

In April the Superintendent of Real Estate amended policy 17 within the Real Estate Marketing Development Act to extend the timeframe a developer can execute “early marketing” for new projects. Put simply, every new project must secure the proper financing to start construction within 9 months of commencing sales and filing a property disclosure statement. In order to get proper financing, a majority of lenders will require a percentage of sales to be secured within the 9 months up to as much as 60-65% of the total revenue for the project. For bigger projects this timeframe can be difficult to work with. This requirement has led to the lack of new concrete inventory in the marketplace over the last 18 months. The amendment to the policy made it possible for developers to extend that 9 months into 12 months and was initially set to expire July 17th, 2020. That window has been extended to April 30th, 2021 as of July 15th, 2020. Many developers are thinking of releasing concrete inventory this month given that there are no major setbacks from Covid 19. With a potential lack of supply hanging over our heads, new concrete projects would be welcomed for 2020.

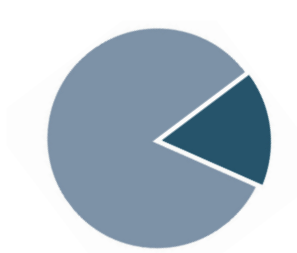


The Pre Sale Market

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

The market has responded well since May and it is expected to maintain a good response throughout August. As townhome sales are still performing well, we are seeing more townhome projects come onto the market. This trend is expected to continue into Fall. It is forecasted that 6 pre sale projects will launch sales in August; these projects will bring roughly 157 concrete condos, 29 wood frame condos, and 147 townhome units to the market. These projects will be in Vancouver West, North Vancouver, Surrey, and Coquitlam. August 2020 will bring us the first new project launch along the Cambie Corridor in 2 years. With Covid cases on the rise, the biggest variable is the potential for a second wave.

GVRD & FRASER VALLEY SOLD RATE MONTH 2020



14% Sold

221 Units Brought To Market

UPCOMING PROJECT LAUNCHES JUNE TO AUGUST 2020



MONTH	PROJECTS	UNITS
June	7	259
July	6	221
August	6	333

Notable Property Of The Month

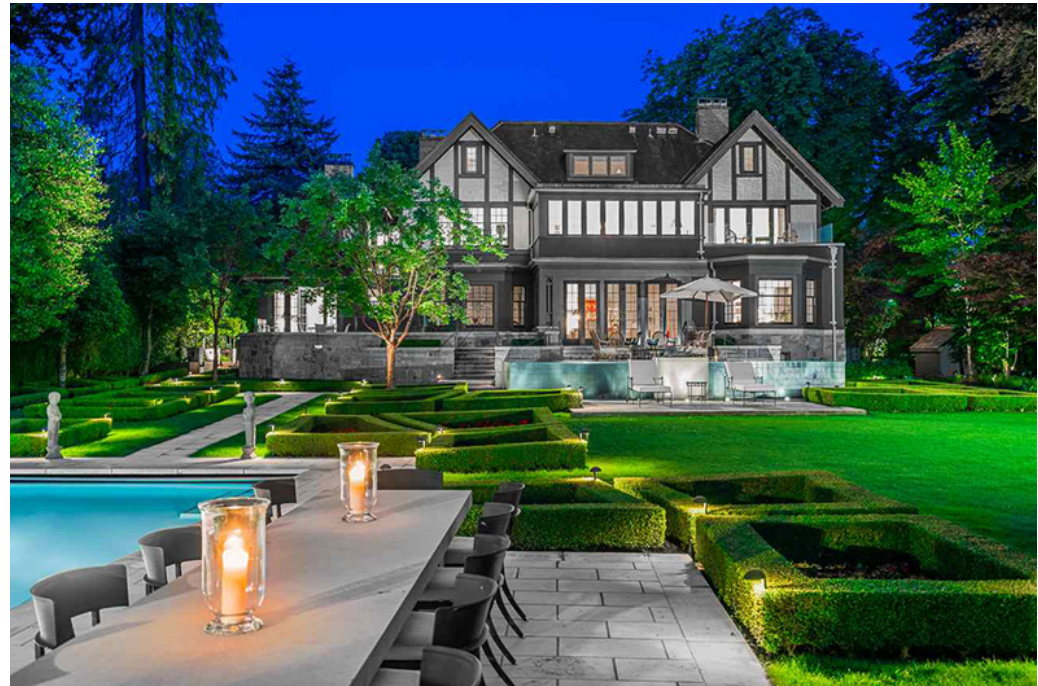
The Highest Recorded Sale Price Of 2020 Happened In July

Since January 1, 2020 there have been 26 homes sold in GVRD over the \$7,000,000 price point. What's even more incredible, is that 20 of those sold during Quarantine. 77%.

July counted for 8 of these 20, meaning that the rate of sales of ultra high-end properties is increasing.

And the cherry on top? The home at **1389 The Crescent in Shaughnessy** sold in July for the highest sales amount seen in all of 2020. And it sold OVER asking price, meaning there were multiple offers. The home sold in only 11 days.

There is clearly an immense amount of high-end money being pouring into Vancouver Real Estate this year.



LIST PRICE

\$17,280,000

ASSESSED PRICE

\$12,499,000

OFFERS RECEIVED

2

SOLD PRICE

\$17,400,000

BANQUE
DU
CANADA

Interest Rates & Mortgages
APRIL 2020



Mortgage & Interest Rate Update

Interest Rates To Stay Low For Years

The Bank of Canada's new governor, Tim Macklem, wants to be "unusually clear" that interest rates will stay low for a very long time. To do so, they are using "forward guidance" – indicating that they won't raise rates until capacity is absorbed and inflation hits the 2% target on a sustainable basis, which they predict will take a minimum of 2 years. They have also indicated that the risks to their "central" outlook are to the downside, which would prolong the period of time for which interest rates will remain absurdly low. The bank made it quite clear that they are not going to consider negative interest rates. The benchmark rate is set at 0.25%, which is presumed to be its lower bound. The bank will also be continuing its quantitative easing (QE) program, with large scale asset purchases of at least \$5 billion per week of Government of Canada bonds. The corporate and provincial bond purchase programs will continue. The bank is ready to adapt its programs if market conditions warrant. With the benchmark rate at its lower bound, the bank's QE is the way it is lowering mid to long term interest rates, decreasing the borrowing costs for Canadian businesses and households. The bank is assuming that the virus will be amongst us for the entire forecast, which is two years.

The bank released its newest economic forecast in July's Monetary Policy Report (MPR). The MPR presents a central scenario for global and Canadian growth rather than usual economic estimations. The central scenario is based on assumptions outlined in the MPR, which includes that there is no widespread second wave of the virus globally or in Canada. The Canadian economy is starting to bounce back as it starts to re-open from the necessary shutdowns. With economic activity in the second quarter estimated to have been 15% below its level at the end of 2019, this is the most significant drop in economic activity since the Great Depression, but far less severe than the worst case scenarios presented in the April MPR. Decisive fiscal and monetary policy actions have supported incomes and kept credit flowing, buffering the fall and putting down the foundation for recovery. The MPR recognized that the pandemic has caused a "worldwide health care emergency as well as economic calamity." The course of the pandemic will most certainly remain unknown, and its evolution over time and across regions remains highly unpredictable.



Mortgage & Interest Rate Update

Interest Rates To Stay Low For Years

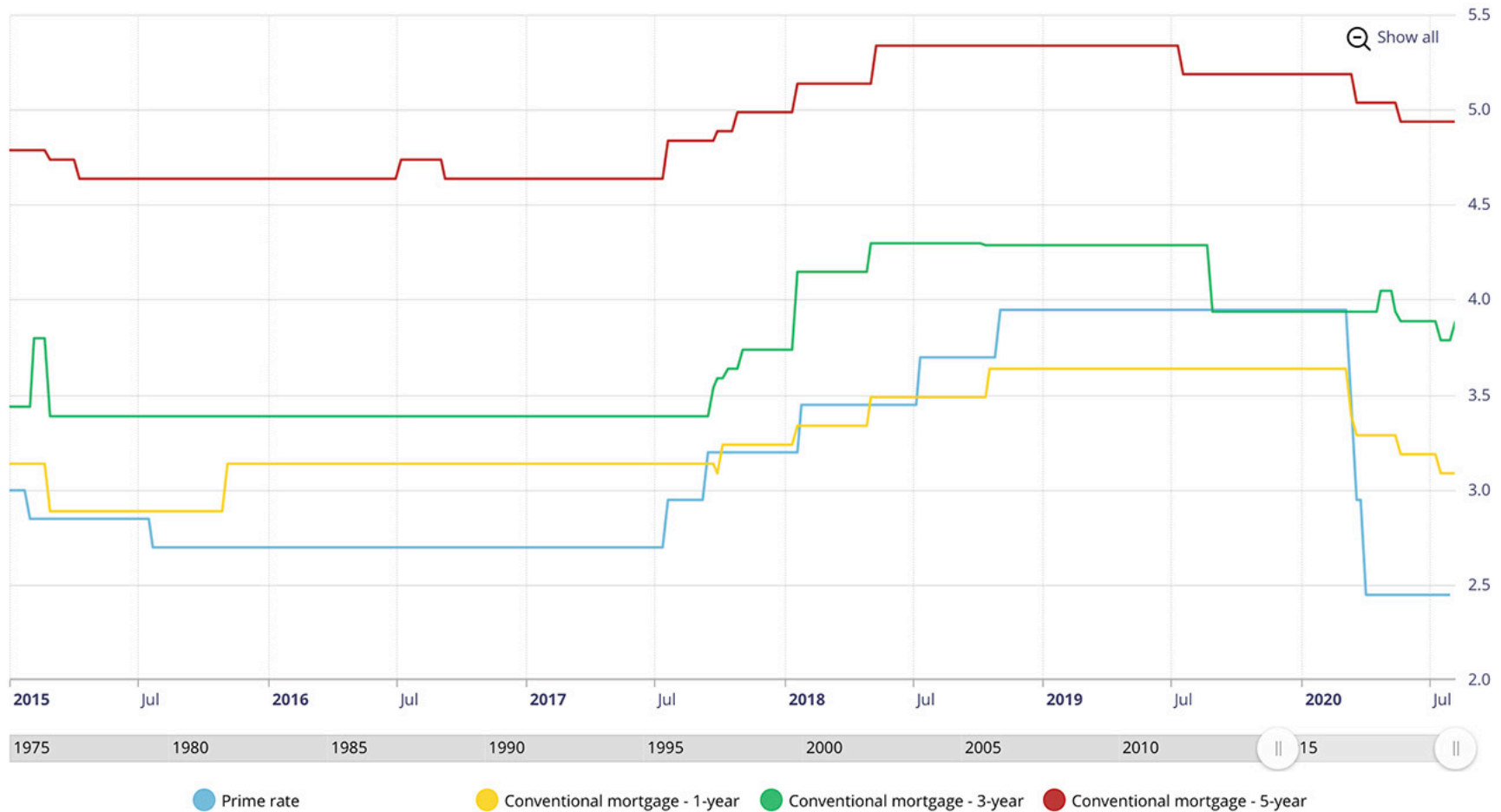
In Canada, the number of new cases has fallen from its April high, and economic recovery has begun in all provinces and territories. Economic activity is picking up as measures to contain the spread of the virus are being relaxed. The Bank of Canada is expecting a sharp bounce back in economic activity in the re-opening phase of recovery, followed by an extended recuperation phase, which is expected to be uneven amongst regions and sectors. As a result, Canadas economic output will most likely take a bit of time to return to its pre Covid numbers. Many businesses and workers should expect to face an extended period of difficulty. There are signs that the reopening of businesses and pent up demand are leading to a bounce back in output and employment. In the central scenario, about 40% of the collapse in the first half of the year will be made up in the third quarter. Afterwards, the bank is predicting the economies recuperation to slow down as the pandemic will continue to affect confidence and consumer behaviour and as the economy works out structural challenges. As a result, in the central scenario, real GDP drops by 7.8% in 2020 and will resume its growth in 2021 by 5.1% and then again by 3.7% in 2022.

The bank is expecting the economic slack to continue as the recovery in demand lags behind that of supply.

Governor Macklem stated in a press conference that he wants Canadians to take away from todays Banks of Canadas actions is "Canadian interest rates are very low and will remain very low for a very long period". The reopening of the Canadian economy is well on its way. Economic activity hit its bottom in April and began growing in May and accelerated in June. Around 1.25 million of the 3 million jobs that were lost in March-April were added in May and June. Some activities have already seen a strong pickup since April, including motor vehicle sales. Likewise, housing activity fell immensely during the lockdown, but is starting to recover quickly. In contrast, some of the hardest hit business, such as travel, restaurants and personal care services, are just now in recent weeks starting to see improvements and are expected to continue to experience significant difficulties.

Mortgage & Interest Rate Update

Interest Rates Posted For Selected Products By The Major Chartered Banks





Canadian Employment

40% Of Jobs Lost From Pandemic Have Returned - Led By Food & Accommodation Services

Canadian employment rose by 953,000 jobs in June, an increase of 5.8% from last month. Combined with the increase in May, this represents 40% of the jobs lost in March and April. The national unemployment rate dropped to 12.3% from last month, a drop of 1.4%. The employment gains in June were almost evenly split between full-time work (51.2%) and part-time work (48.8%).

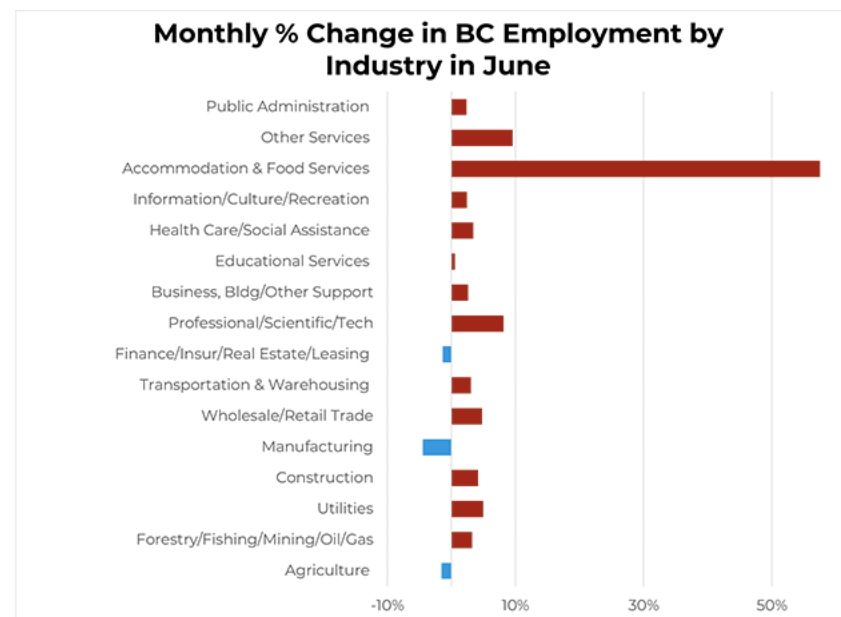
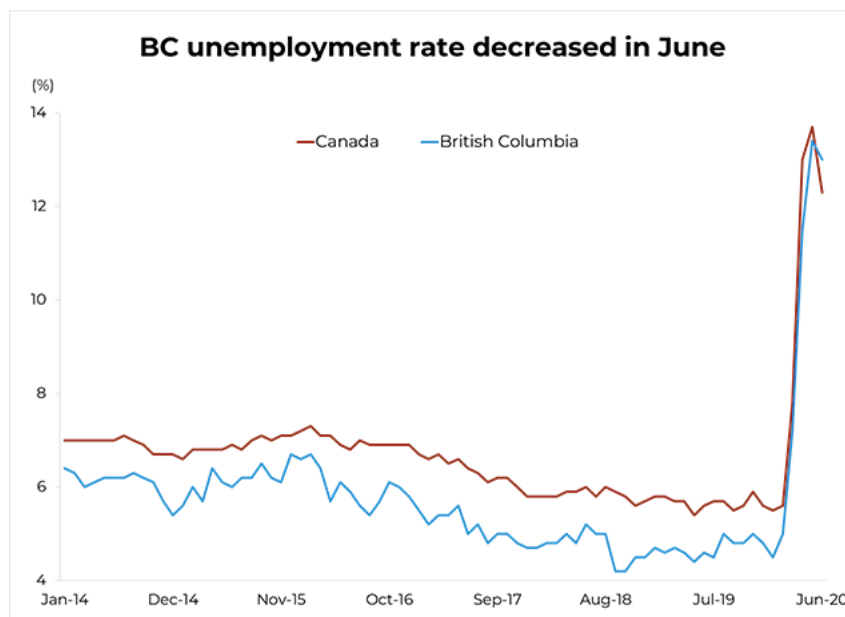
Employment in BC grew by 118,100 jobs in June, an increase of 5.4%, following a gain of 43,000 jobs from last month. The increase in the past two months represented 40% of jobs lost in BC in March and April. The employment gain in June dropped the unemployment rate in BC to 13%, a decrease of 0.4%. Almost half of the increase was in food and accommodation services (46.5%) followed by professional services (15.2%) and retail (13.5%). These numbers have been consistent with the provinces steady re opening. Compared to last year, employment in BC was down 10%.

This was another good news report as we slowly continue to follow a path to recovery. Even though, most of the gains were in industries that were desperately waiting to re open. There are still many structural changes that need to work their way through the system, as some people who were laid-off may now be permanently unemployed. Consumers demand for goods and services are also important, which is expected to be hindered by the still 235,000 unemployed individuals in BC.



Canadian Employment

40% Of Jobs Lost From Pandemic Have Returned - Led By Food & Accomodation Services





Canadian Inflation

CPI Up 0.7% Year Over Year

Canadian inflation, which is measured by the consumer price index (CPI) went up by 0.7% in June year over year, up from a 0.4% decline in May. June saw quickest rise in the CPI since March 2011. Prices went up in 5/8 components year over year with food and shelter prices leading the increase. Rents bounced back in June, going up 0.6% from the previous month, coinciding with the relaxation of some pandemic related restrictions and the hotter summer months. Mortgage interest costs continued to decline in June due to falling bond yields and the Bank of Canadas low policy rate set in March. Meanwhile, the Bank of Canadas three measures of trend inflation went up 0.1% points, making the average 1.7% in June.

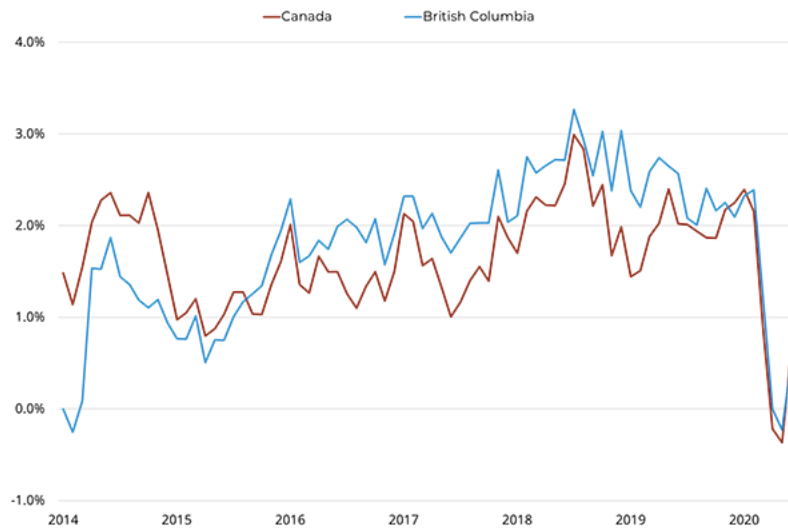
Regionally, the CPI was positive in all provinces except for Prince Edward Island. In BC CPI went up by 0.5%, following a 0.2% decrease in May year over year. Prices for alcohol, tobacco, cannabis, food and health and personal care services continued to go up in June, while downward pressure from gas prices eased up as the reopening process had people using their cars more.

Prices for the hardest hit components are starting to recover, but the comeback of Covid numbers in Canada and the US, and the high unemployment rate, will most likely keep price pressures stunted. This will also likely leave the Bank of Canadas policy rate at the lower end.

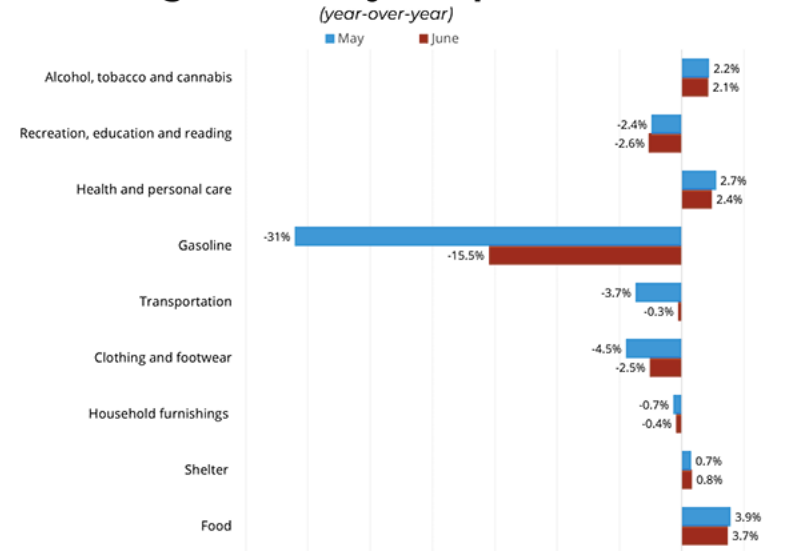
Canadian Inflation

CPI Up 0.7% Year Over Year

12-month change in the CPI



Changes in CPI by component in BC





Canadian Retail Sales

Clothing Sales Lead Retail Recovery

The easing of Covid-19 restrictions throughout the country led to an 18.7% rise in seasonally-adjusted Canadian retail sales in May to \$42 billion. Leading this rise was motor vehicle and parts dealers, followed by an increase in sales in just about every other sub sector. Although May saw an increase in sales, retail sales are still 20% below pre-pandemic levels.

In BC seasonally adjusted retail sales went up by \$6.4 billion (12%) and by \$2.8 billion (14%) in Vancouver. Retail sales rose in all subsectors as brick and mortar stores begin to reopen, with the largest rebounds reported in clothing, and sporting and hobby. Despite this rise, sales at clothing stores are 55% below pre-pandemic levels and down 24% at sporting and hobby stores. E-commerce sales were very strong in May, up by 113% year over year at \$3.8 billion. E-commerce made up 8% of total retail sales in May, down from 10% in the previous month. These stats exclude Canadians purchasing from foreign E-commerce retailers.

Estimates provided by Statistics Canada for June Suggest that retail sales will increase by 24.5%. This reflects the slow and steady reopening of most of the provinces except for Ontario, which was still in the early stages of reopening in June. The degree and consistency of Canadas retail sectors recovery will depend on consumers willingness to venture out even with confirmed Covid-19 cases back on the rise, including in BC. It will also depend on how quick individuals can return to work, and for the unemployed, to find work again.



Canadian Retail Sales

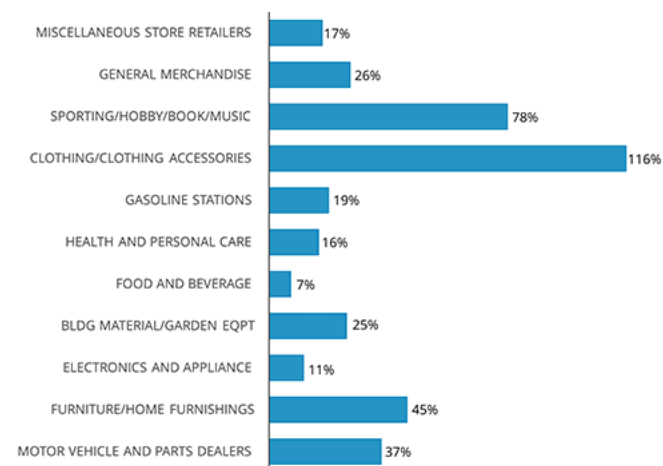
Clothing Sales Lead Retail Recovery

BC retail sales were up in May*



*Seasonally-adjusted.

May growth in retail sales by sub-sector in BC
(not seasonally-adjusted)



Strata Insurance Update

Government Unveils Plan To Curb Massive Fee Increases

On June 23rd the province declared the first steps of its plan to address BC's skyrocketing strata insurance rates. The changes are supposed to bring transparency to the industry, close loopholes surrounding depreciation reports and help corporations and strata owners when it comes to making decisions. A recent report showed that premiums went up 40% on average in many areas in BC over the past year and when just looking at Metro Vancouver that average jumps up to 50%. "This is an extremely complex issue playing out in the private insurance industry, but that doesn't lessen our government's commitment to doing what we can to make the situation better," said Finance Minister Carole James. Announcing the first steps in a plan to address the problem, James said the NDP government is looking to amend the Financial Institutions Act and the Strata Property Act. Legislation tabled Tuesday includes a restriction of referral fees between brokers or insurers and property managers, or other third parties.





Strata Insurance Update

Government Unveils Plan To Curb Massive Fee Increases

BC's finance and housing ministers have stated the changes will set clear guidelines for what strata corporations must do to help condo boards make informed decisions about insurance. Corporations must also let owners know about insurance coverage, notice of policy changes, and let strata's use their contingency reserve fund (CRF) to pay for increases, if needed. It was also stated that the amendments will protect owners against lawsuits from strata corporations if they are legally responsible for damage or loss. The ministry said that these four changes will lead to more updates to BC's regulations: identifying when strata's do not need to have full coverage; Strengthening the requirements for depreciation reports; updating the minimum required contributions to the CRF from owners and developers; Strengthening notification requirements when there are coverage and cost changes to the insurance and requiring brokers to disclose their commission. The ministry said that those commissions have been found to be higher than 20% in some cases.

These changes won't take place until the province has consulted with strata community stakeholders. The groups being asked to weigh in are the Condominium Home Owners Association of BC, Insurance Brokers Association of BC, Real Estate Council of BC, Insurance Bureau of Canada, and the BC Real Estate Association. A report from the BC Financial Services Authority described the strata insurance market as "unhealthy". More than 1.5 million people in BC live in strata housing, reported the province. The BCFSA says that it is a combination of provincial, national, and global factors ranging from property value to earthquake risk that are causing increased premiums.



Looking Ahead

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

In the short run and with Buyer's focused on single family homes, duplex and townhouses, expect to see an increase in supply of apartments as residents try to make the shift to bigger spaces.

It's possible with the limited amount of new immigrants coming across the border (just over 4,000 people a month compared to approx. 27,000 when the borders were open) that the demand for condos won't be as strong as other asset classes until either the supply of single family homes comes down or the borders open up again. It's difficult to know what will happen first with Covid-19 still lurking in the background.

As more and more of the public begin to implement changes like working from home into their lives, it's having a fundamental shift in how the consumer values real estate. Properties that have multi-purpose spaces will become more valuable as the need for more dynamic space increases.

In the short run, we will begin to see an increase in the prices of single family homes & half duplex style homes as they are the first to already have the capacity to offer this style of living and we are already seeing Buyer's compete in multiple offers for them. The value of outdoor space is also increasing as people working from home will want to have access to an outdoor setting.

These pressures coupled with some of the lowest interest rates on record are helping to drive consumers into taking on larger mortgages so they can make the switch into bigger homes that double as both a work and living space. It's hard to really judge what's going to happen beyond the next 3 months with a massive US election poised for November 2020.



Looking Ahead

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

Furthermore, the short and long term impacts of CERB payments and mortgage differrals have yet to take any kind of negative effect on the economy; however, it's been noted before that this does not account for the majority of the Canadian public. There will be some considerable effects but when and to what extent remains an unknown.

The current indicators are all showing positive trending numbers as all property types move into a Sellers market but being led primarily by townhouses, duplexes and single family homes. Pent up demand and cheap mortgage rates continue to push sales volume and price north while supply numbers are still down (-15% compared to July 2019), leading to an overall sales to active listing ratio of 26%. Home prices often experience upwards pressure on price when the ratio surpasses 20% for several months.

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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