

B.C. Housing Prices Still under Pressure to Fall, Scotia Economics Says

By Derrick Penner, [Vancouver Sun](#)

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While British Columbia real estate sales have lifted from last fall's dismal lows, market oversupply and deteriorating economic conditions will still pressure prices downwards, according to Scotia Economics.

March and April saw "pretty strong sales volumes" across the country, said Adrienne Warren, a senior economist with Scotia Economics, the Bank of Nova Scotia's economic-research division.

However, "prices are not really firming up [in B.C.] as we've seen in some other parts of the country," she said Tuesday.

"There is still a bit of correction going on in a lot of western markets: Vancouver, Calgary and Edmonton, where they are still working through some overshooting of prices and excess supply."

That, she added, will mean "a little more downward pressure on prices" than what is occurring in central and Atlantic Canada.

The area of Metro Vancouver covered by the Real Estate Board of Greater Vancouver saw 2,963 sales recorded through the realtor-operated Multiple Listing Service in April, which was down eight per cent from the 3,218 sales recorded in April 2008.

That number, however, represented a 31-per-cent jump over March 2009 sales, a month that typically shows more sales than April.

And while Metro Vancouver's main real estate board reported that inventories of new, unsold listings declined for the sixth straight month, Warren said Vancouver still has an oversupply of unsold homes, both among new homes under construction and in the resale market.

"It was a much more unbalanced market six months ago," Warren said, "and we're beginning to see a fairly sharp drop-off in new listings."

That drop, she added, shows that Canadians, in general, aren't being forced into selling homes or being foreclosed on like troubled buyers in the United States.

At the same time, according to Scotia Economics' calculations, the pace of MLS home sales to April in Metro Vancouver, expressed as an annualized figure, is running almost 25 per cent below the pace of sales in 2008.

Scotia Economics' average price in Metro Vancouver of \$494,485, also expressed on an annualized basis, is down 17 per cent from an annualized average price of \$593,767 in 2008.

"You'll probably see prices stabilize over the next six months," Warren said, "at least by the end of the year."

She anticipates prices will continue that stable trend in 2010 without much of a sharp rebound, largely because of B.C.'s deteriorating economic conditions and rising unemployment.

"Low interest rates, tax incentives by the federal government and more choice in the marketplace have done what they should in a cyclical pattern," Warren said, "which is bringing buyers back into the market."

"But you've got to remember the gains we're seeing are after very low levels late last year."

The report said a rise in demand and drop in new listings has resulted in the market moving closer to "balanced."

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