

B.C. to see steep house sales price drop in 2009

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B.C. will see the nation's steepest 2009 drop in the average residential home sales price, the Canadian Real Estate Association predicted Monday in its updated housing market forecast.

The association predicted a 7.8 per cent decline next year in the average residential sales price in B.C., compared to a 2.1 decrease across Canada.

The association is also forecasting an 11.7 per cent drop in sales activity in B.C. for 2009, compared to a three per cent drop across the country. Only Saskatchewan, with a predicted 13.6 per cent drop, is expected to see a larger sales activity drop than B.C.

For 2008, national sales activity is expected to decrease by 12 per cent.

"Canadian economic growth is being sideswiped by financial market turmoil, slowing world economic growth and weaker commodity prices," says Gregory Klump, chief economist with the association. "The question of whether Canada will avoid a technical recession is moot, growth will be slow enough that it will feel like a recession."

The Ottawa-based group expects that fewer new listings next year which will help stabilize the market but not enough to stop prices from continuing to fall. The national average sale price is expected to fall by 2.1% in 2009 with conditions in the housing market not likely to improve until 2010.

"Consumer confidence is being battered by downbeat headline news. Homebuyer sentiment has become very cautious, by contrast to the urgency to purchase in 2007. There are fewer buyers and they are taking longer to shop, so the pricing environment is very competitive. Unrealistically priced homes will sit on the market," said Klump.

CREA president Calvin Lindberg said the U.S. market is much different, most notably because the Canadian market does not have the same oversupply of homes.

"Canadians are definitely concerned by the economic news out of the U.S., and much of that news stems from distress in the U.S. housing market. Canadians should realize that Canada's economy and housing market are in better shape," said Lindberg. "This means the downturn in consumer confidence will pass and when it does, housing demand will rebound, especially when they realize the window of opportunity to buy at reduced prices and at low interest rates will begin to narrow once economic growth shows signs of rebounding next year."

Vancouver Sun, with files from Canwest News Service