

VICTORIA REAL ESTATE BOARD

MLS® residential sales through the Victoria Real Estate Board are forecast to decline 21 per cent to 6,650 units this year. A marked reduction in consumer confidence is impacting island housing markets as many potential homebuyers take a wait-and-see approach. Improvement in global credit and equity markets will have a positive impact on housing demand. Reinvigorated consumer confidence and a boost in affordability is expected to increase home sales 4 per cent to 6,900 units in 2009.

Fewer home sales and a sizable increase in the number of homes for sale has pulled the Victoria housing market firmly into a buyers' market. Home prices have been edging lower for several months and this condition will likely persist until

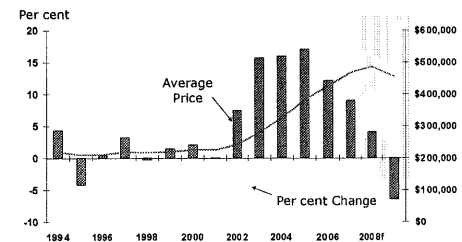
next year, when more balance between supply and demand is expected. In the coming months, the supply of homes for sale will likely diminish as some home sellers pull their homes off the market in anticipation of a better market ahead.



The region continues to record the lowest unemployment rate among all census metropolitan areas in Canada, while the labour force has expanded at a rate above 4 per cent this year. Nearly 8,500 more people were employed in August than a year earlier, representing a 4.8 per cent increase. Net migration, which surpassed 3,500 individuals in 2006-2007, will also support housing demand in the Capital Region over the medium term. Victoria draws about 65 per cent of its migrants from other provinces, a sizable number of households relocating employment and retirement purposes.

Housing starts in Victoria are forecast to decline 10 per cent to 2,330 units this year and a further 17 per cent to 1,925 units in 2009. A large inventory of resale homes and reduced consumer demand are increasing the inventory of new homes that are complete and unoccupied. This is a strong signal to builders and developers to cut back production. In addition, lower home prices cut into profit margins, since the cost of construction continues to remain high.

MLS® Prices



MLS®	07	08f	09f
Sales:			
Total ¹	8,403	6,650	6,900
	12%	(21%)	4%
Detached	4,888	3,875	4,010
	11%	(21%)	4%
Attached	905	710	740
	28%	(22%)	4%
Apartment	2,378	1,880	1,950
	10%	(21%)	4%
Avg Price:			
Total	466,974	486,300	455,000
	9%	4%	(6%)
Detached	563,531	586,500	555,000
	8%	4%	(5%)
Attached	404,499	425,800	400,000
	10%	5%	(6%)
Apartment	317,969	321,000	298,000
	11%	1%	(6%)
Housing Starts²			
Victoria CMA			
Total	2,579	2,330	1,925
	(6%)	(10%)	(17%)
Single	795	710	675
	(5%)	(11%)	(5%)
Multiple	1,784	1,620	1,250
	(2%)	(9%)	(23%)

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast