



# Okanagan's Home Team

## Real Estate Trends

250-549-4161

okhometeam.ca

October 2008



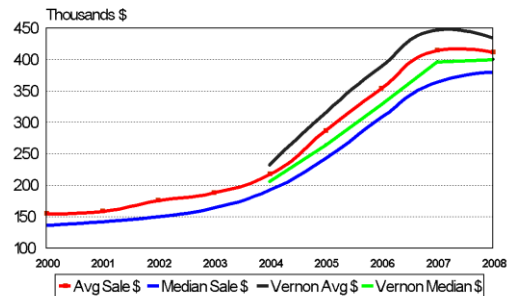
**Greg Kalyniuk**  
250-503-3758  
greg@okhometeam.ca

### US Financial Storm Creates Opportunities

Real Estate *activity* in the North Okanagan went into “deep freeze” this year, but contrary to popular belief, the houses that have sold have only eased slightly in *price*. The average price is down about \$13,000 and its taking 12 days longer to get a sale, but the median is actually up by \$5000. YTD sales volume is 38% below last year and only 5% of listed homes sold last month compared to 20 - 25% during the 2003-2007 bull market. **Sellers are under pressure.**

#### North Okanagan Sale Price

Single Family Homes to September 2008



So, is this the start of a...

- Long drawn out 1990's type bear market?
- US style housing bubble - meltdown? **I don't think so.**

In 1993 the entire baby boom generation was in their working stage of life with families and bills to pay and over the next 6 years BC faced tough economic times. As the job market continued to shrink, people moved east. In the Okanagan there were virtually no help wanted ads, rental vacancy rate was high and foreclosures were growing.

But now the Okanagan's economy is positive with a strong job market (3½ pages of help wanted ads in the Morning Star), a very low rental vacancy rate, virtually no foreclosures (only 3) and the baby boom generation is now beginning to retire. The Okanagan is the premier retirement destination with demand growing. Between 2002 and 2012 the number of Canadians in the *retirement relocation time of life* is growing from **8.4 million** to **over 12 million** peaking by 2017 in the **14 to 15 million** range for 10 more years.

So why the “deep freeze” in Real Estate activity? I can sum it up in one word, “**FEAR!**” Can you blame Canadians? **Just when all hell is breaking lose in financial markets there are elections in both US and Canada!** Could the timing be any worse? We don't even know who's going to be at the helm in a month! It's like the perfect storm hitting while the captain of the ship is having a bath!

**Americans ARE in a financial mess!** US banks were shoveling money out to Americans who didn't have credit, jobs or collateral and the American Government was even more financially irresponsible with years of massive budget deficits and ballooning debt. **American housing markets are now flooded with properties whose owners have lost their jobs and foreclosures by US banks who are desperate for cash.**

**It's not the same in Canada.** Canadian banks have had far tighter lending criteria and Canada's government has been operating with large budget surpluses for over a decade, paying down public debt. **The Okanagan housing market has virtually no foreclosures** and the listings are owned by **employed or retired folks** just wanting to move down the street.

Demand continues to grow for Okanagan Real Estate as buyers continue to rent to “wait to see what happens”. All the millions of Baby Boomers across Canada and others around the world who have been dreaming about the move to the Okanagan won’t forget our lakes, ski hills, golf courses and mild climate just because banks are failing on Wall Street. Once retired, how long will they wait watching TV and sitting out cold winters dreaming of the Okanagan Lifestyle?

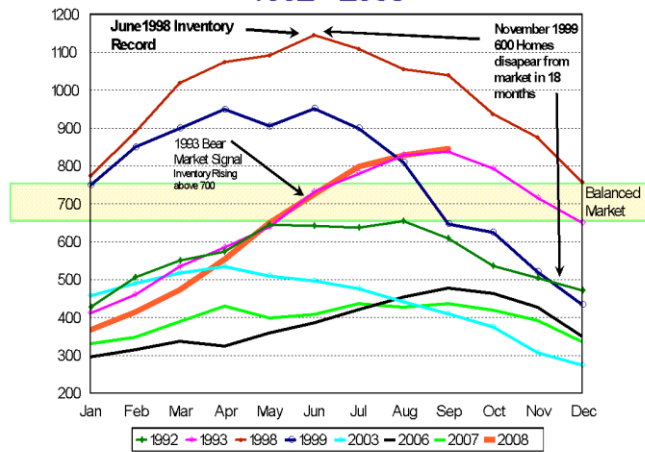
It’s a fact that housing sales are slow, but not because people are leaving the Okanagan or losing their jobs, **because buyers are simply waiting**. However, the novelty of living in a rental property when the landlord who won’t let you paint the living room or have a pet wears thin after awhile. As more people continue to move here to retire, increasing demand for rental properties and creating service industry jobs, the pool of “buyers in waiting” grows daily. Elections on both sides of the border will be decided in the next few weeks ending the political uncertainty and this financial storm *will calm at some point* signaling to the pool of buyers that it’s time to start house hunting again.

It’s impossible to predict with certainty just when it will happen, but the sales activity could **turn back on as fast as it turned off** and prices could snap back quickly to the peak levels of winter 2007-08. The difference between a buyer’s market and a seller’s market today is only a drop of 200 homes and that many houses could get snapped up in 6 weeks. We know of many situations where if one house sells it would start a domino effect that would kick off 4 to as many as 10 sales.

If you are like most buyers, “waiting see what happens”, you may miss an opportunity. Here’s why...

Owners do not give up their gains easily. In the last bear market, *when we actually had a poor economy*, prices only dropped by about 20% *over an 8 year period*, just 2-3% a year. Only a small percentage of sellers are highly motivated and that gives us the opportunity to find a cheaply priced property. **And without pressure from other buyers I’ll negotiate hard to get you an even better deal!** We’ll look for properties that have been on the market for over 100 days where the seller has already identified themselves as “motivated” by one or more price reductions. If the property is vacant... better yet!

North Okanagan Residential Listing Counts  
1992 - 2008



Keep in mind that most buyers don’t buy in a buyer’s market; *they wait for a seller’s market and miss the best deals!* They wait until they feel more confident **and forget that sellers will feel just as confident**. Notice in the graph to the left how fast inventory disappeared between the summer of 1998 and late fall 1999 – a drop of 600 homes in just over a year! And keep in mind that was at the end of an 8 year Real Estate downturn with a large backlog of sellers. If you wait to buy, *overall prices* may come down a further 2 or 3% but you might miss out getting **a real deal**, a 10 or 15% reduction from a panicking seller now!

With 850 homes on the market there are probably only 30 to 50 whose sellers are highly motivated. Narrow those down to your price range and criteria and there might be only 1 or 2 properties you would consider whose sellers are desperate for a sale. When activity picks up, those can sell in a day leaving only properties with sellers holding out for top prices.

To discuss buying or selling a residence, rental or investment properties, just give me a call anytime.

**Greg Kalyniuk 250-503-3758**

**RE/MAX Vernon**  
5603 27 Street,  
Vernon, BC  
V1T 8Z5

