



# SARETSKY

## REAL ESTATE

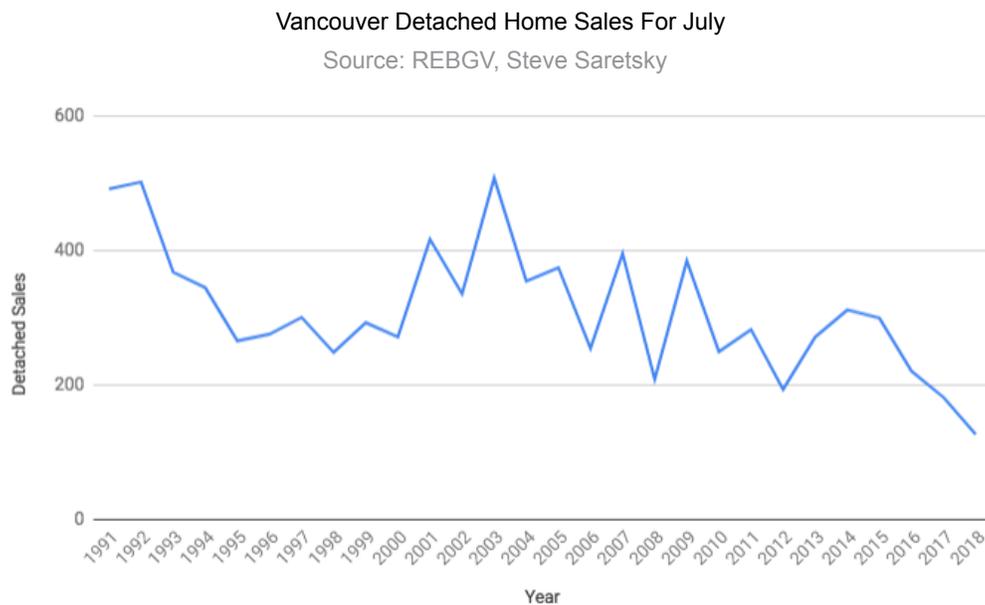
## MONTH IN REVIEW

### JULY 2018

It's more than just a summer heat wave impacting the prized Vancouver Real Estate market. A rough first half of 2018, which witnessed sales sink to an eighteen year low, has continued into July. Buyers have picked up the scent of fresh blood in the water, and are beginning to anticipating lower prices. This has created price sensitivity and in some cases, low ball offers. While many sellers are still hopeful for a bump in buying activity come the fall, those hopes are slowly fading as buyer psychology shifts from a fear of missing out to a fear of overpaying.

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- Saretsky's Chart Book
- Ask Saretsky
- Deep Dive

The downturn in Vancouver’s detached market continues to be the most obvious of all property types. Once again sales churned in at all time lows this month. July witnessed just 126 house sales, the lowest total on record, surpassing a previous low of 193 sales set in July of 2012. Despite limited public data, even the average housing spectator has figured something isn’t quite right.

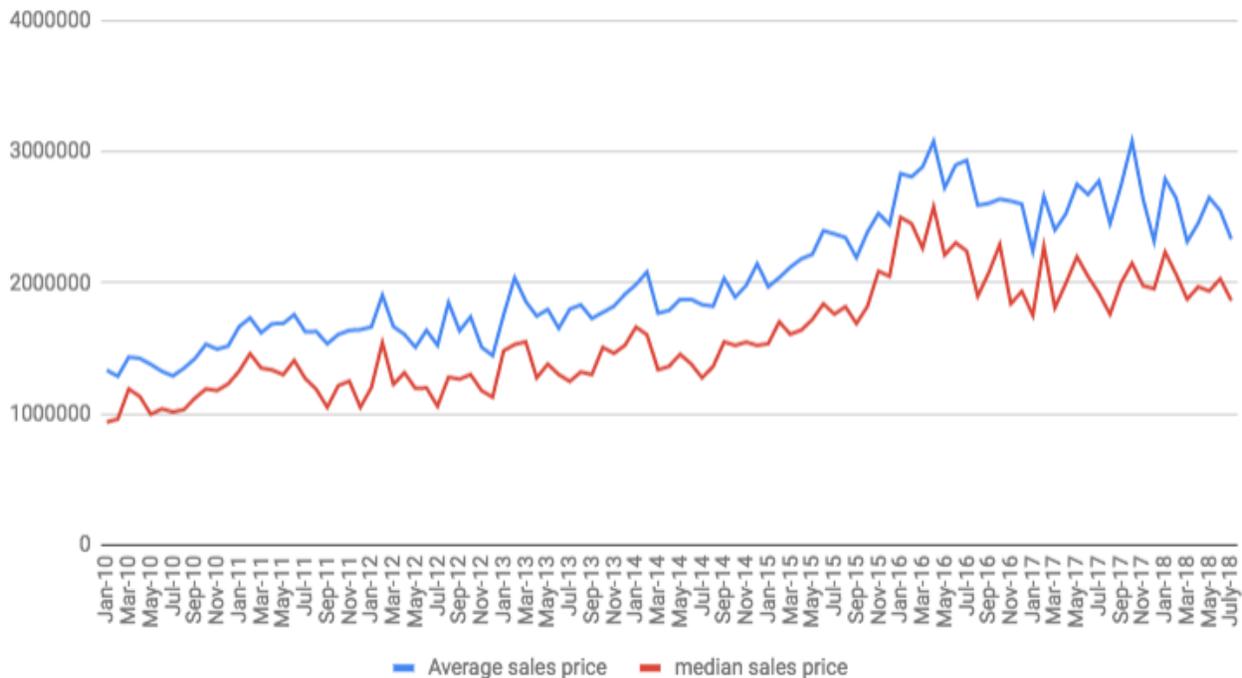


Nearly two years of weak home sales has allowed inventory to play catch-up. Inventory for the month of July increased 2% year-over-year and sits at the highest level for the month since July of 2012. Buyers have plenty of options and are clearly in the drivers seat. While many sellers are reluctant to cut their price, the ones that need to sell are having to take hefty reductions which is ultimately setting the neighbourhood benchmark lower. This is beginning to reflect in the data and although sales mix can distort both average and median sales prices from

month to month, the trend is clear. In July, the average sales price declined 16% year-over-year. The median sales price slipped 3% year-over-year. It's worth noting the median sales price in May registered a 12% decline year-over-year, so you can see how average and median can fluctuate rather drastically. Overall, it's a safe bet to say the typical home is off about 15% from the peak.

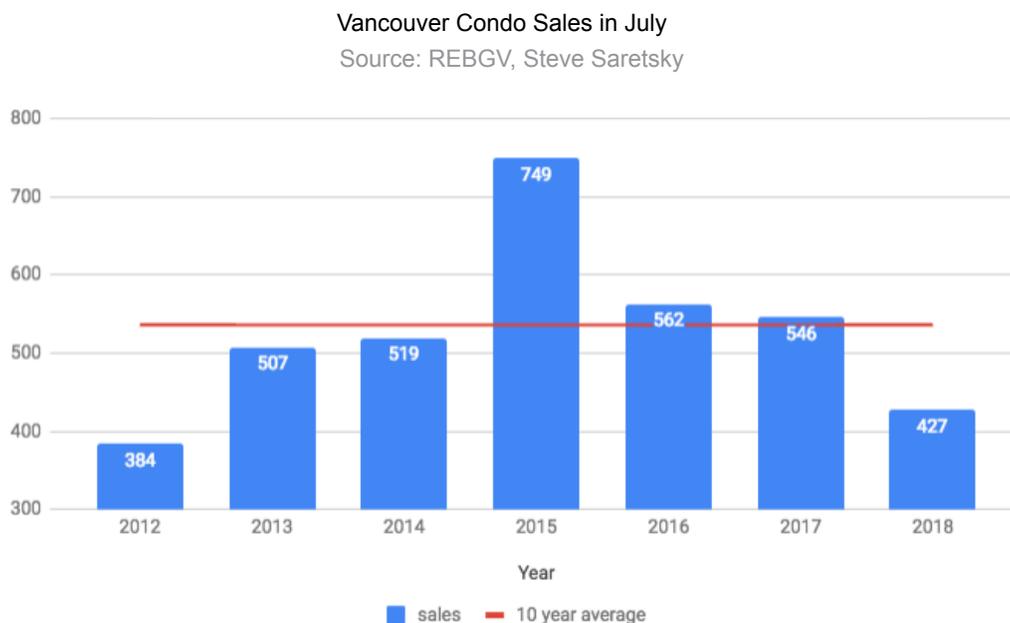
Vancouver Detached Sales Price

Source: REBGV, Steve Saretsky



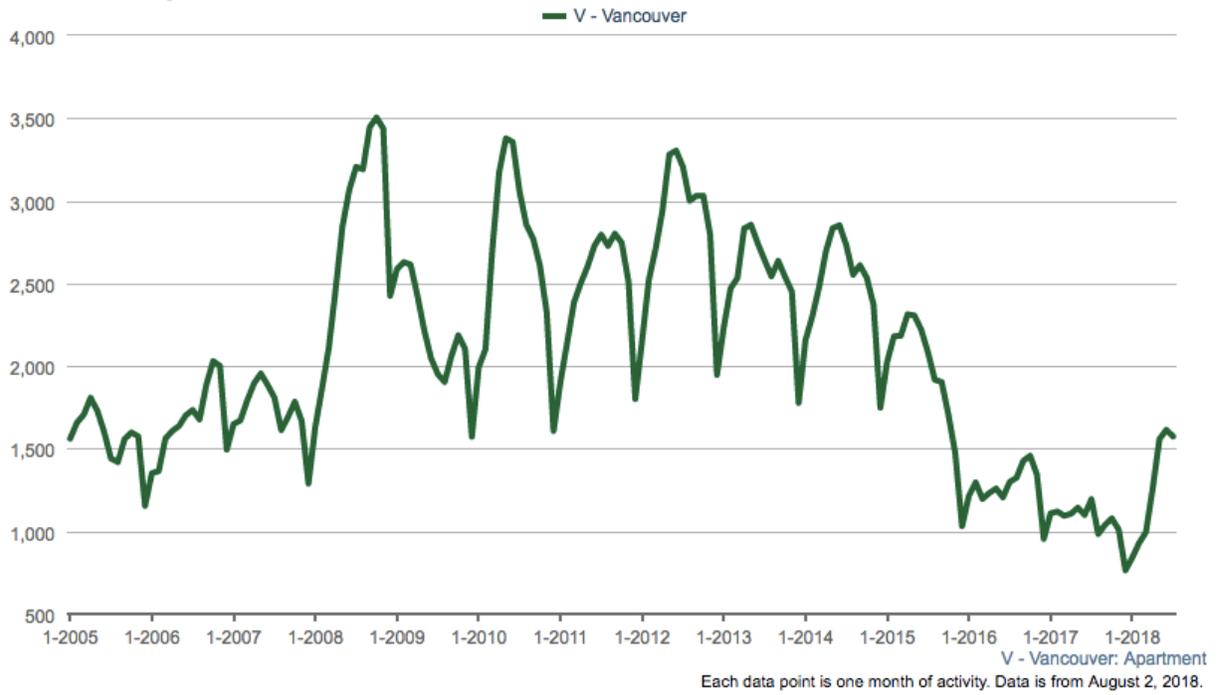
It's also worth noting that new listings in the detached space plummeted 24% year-over-year in July. This suggests homeowners are delaying putting their home up for sale in hopes that selling conditions will reverse course and return to the good old days. Perhaps wishful thinking, but stranger things have happened.

The Vancouver condo market also continued to slow. While part of this is seasonal, there's definitely more to it this time around. Condo sales fell to their lowest total for the month since July 2012, and dropped 22% on a year over year basis. The one bedroom condo space remained the strongest, but was not immune, with sales dropping 19%. Two bedroom condo sales dipped 24%, while three bedroom sales plunged by 31%.



With sales dropping off and new condo supply beginning to hit the market, inventory has been taking the escalator up. For-sale inventory climbed 32% year-over-year in July, pushing inventory to a three-year high for the month. Condo inventory remains low despite recent gains, which has helped cushion the recent slowing of sales. New listings increased by 4% on a year-over-year basis, ticking in near historical averages.

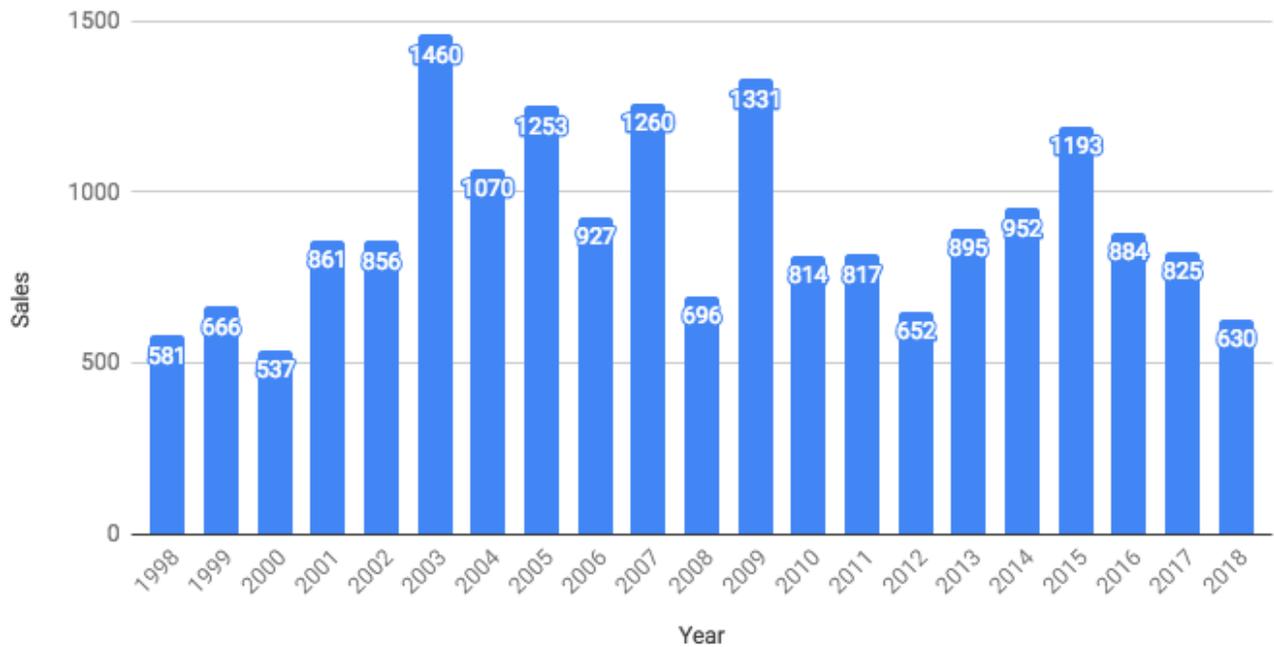
### Total Inventory



## CHART OF THE MONTH

There were 630 total home sales in Vancouver across all property types. This was an eighteen-year low for the month of July. What started in the detached space appears to have worked its way through other property types as well.

Vancouver Home Sales for July: All Property Types  
Source: REBGV, Steve Saretsky



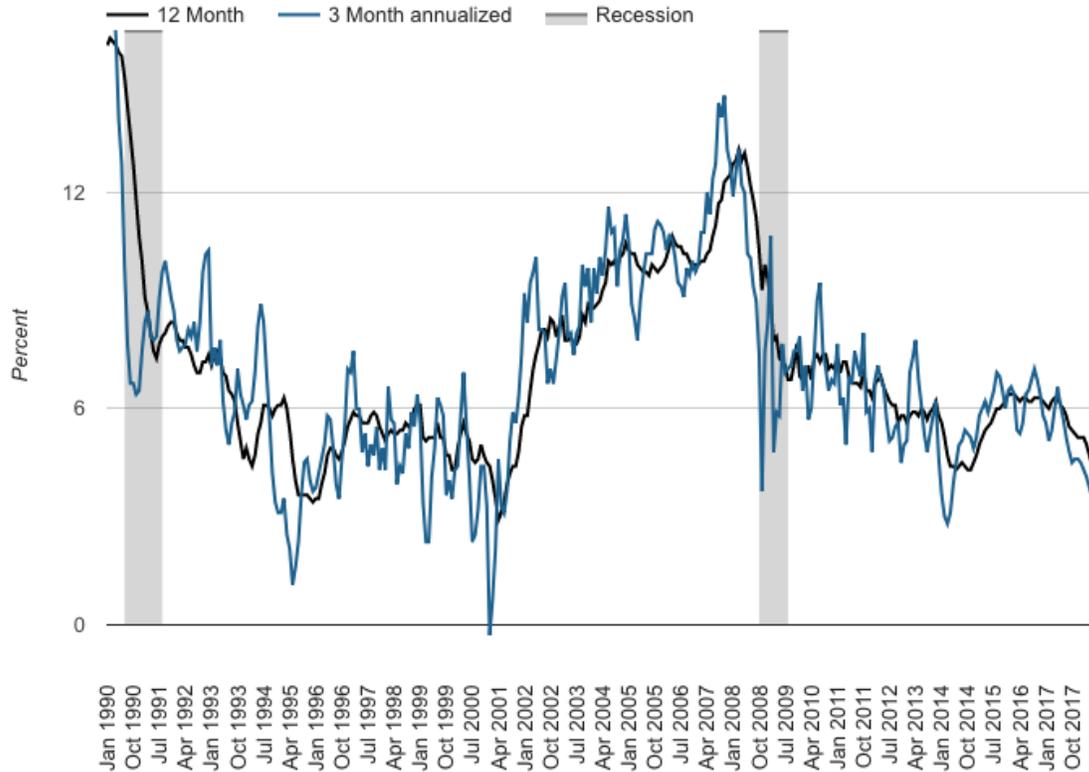
## CREDIT WOES

In a post stress test world, mortgage credit growth has been suffering. Recent data as of June 2018 from the Bank of Canada shows the 12-month percent change of residential mortgage credit has slipped to 4.1%, the slowest pace of growth since May 2001. The 3-month annualized pace slipped to 2.8%, a number last seen in March 2014.

### Canadian Outstanding Mortgage Credit Change

The 12-month percent change and 3-month annualized change of outstanding mortgage credit

Source: Better Dwelling

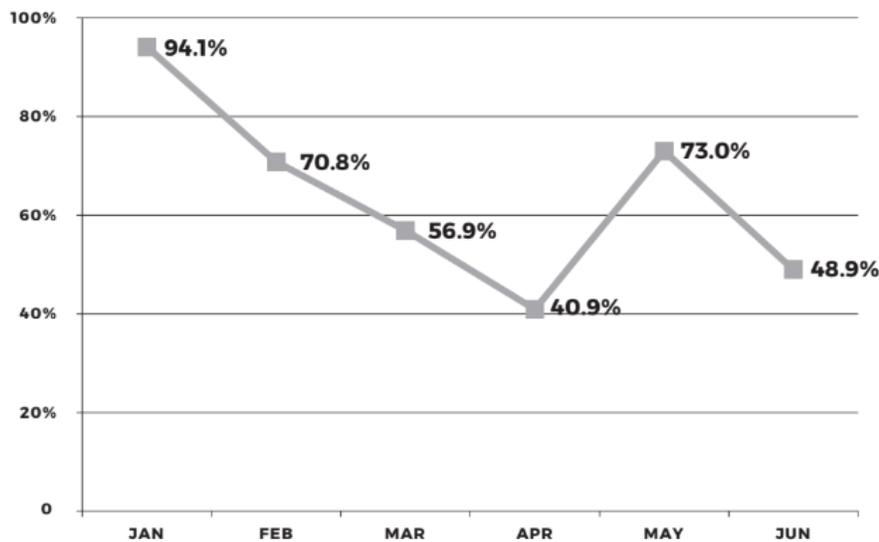


## INCENTIVE TIME

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Developers are having a tougher time offloading presales. Buyers in search of a deal have decided to look elsewhere. As a result, developers have begun offering discounts and decorating incentives. Long gone are the days of camping outfront a sales centre. Here's what MLA Canada, a pre sale marketing firm had to say about current conditions, "The mid-year data shows an exceptionally high absorption rate in January 2018 of 94 per cent for new units entering the marketplace. In contrast, June 2018 saw same month absorptions land slightly below 50 per cent. Overall, the market has experienced a downward trend for pre-sale absorptions, indicating a shift from the hyperactive levels experienced over the past two years to more normalized market conditions."

**Per Cent of Pre-Sale Units Sold During Initial Month Sales**  
January to June 2018 - Greater Vancouver and the Fraser Valley



## DOLLAR WOES

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It's not just Vancouver - the entire province of BC has slowed. Total dollar volume, aka money spent on BC real estate, dropped 33% year-over-year in June. July numbers aren't expected to fair much better. This doesn't just mean a smaller paycheck for Realtors, as the BC Government will also feel the pinch. As of 2016, real estate related taxes were the single largest contributor to government revenues, out-pacing all other sectors.

BC Real Estate Dollar Volume In June (\$ Billions CDN)

Source: CREA, Steve Saretsky



**Q:** Why does it feel like detached prices aren't coming down? The listing prices still seem very high?

**A:** Prices are always sticky on the way down. Sellers are generally very reluctant to cut prices and with buyers being price sensitive, volumes tend to dry up. We can see this in Vancouver where detached home sales are at record lows this year. Sellers that need to sell will have to cut their prices and entertain low ball offers. The longer sellers hold out, the more inventory increases which only exacerbates the decline in house prices.

This section provides a brief overview of the month that was across the Vancouver Real Estate market, including the percent change from one year ago in the condo, townhouse and detached markets.

## CONDOS

	JULY 2018	JULY 2017	% CHG (YR)
NUMBER OF NEW SALES	427	546	- 22%
NUMBER OF NEW LISTINGS	878	844	4%
INVENTORY	1,555	1,052	48%
SALES TO ACTIVE RATIO	27%	52%	- 47%
MONTHS OF SUPPLY	3.3	2.1	57%
AVG DAYS ON MARKET	24.2	16.2	49%
MEDIAN DAYS ON MARKET	16	8	100%
AVG PRICE	\$860,361	\$880,197	- 2%
MEDIAN PRICE	\$735,000	\$698,000	5%
AVG PRICE PER SQ FT	\$1,032	\$996	4%
MEDIAN PRICE PER SQ FT	\$1,019	\$968	5%
% OF LISTINGS SOLD OVER ASKING	16%	51%	- 69%

## TOWNHOUSES

	JULY 2018	JULY 2017	% CHG (YR)
NUMBER OF NEW SALES	62	72	- 14%
NUMBER OF NEW LISTINGS	138	137	1%
INVENTORY	295	214	38%
SALES TO ACTIVE RATIO	21%	34%	- 38%
MONTHS OF SUPPLY	4.5	3.2	38%
AVG DAYS ON MARKET	25.2	16.9	49%
MEDIAN DAYS ON MARKET	22	11	100%
AVG PRICE	\$1,190,060	\$1,156,546	3%
MEDIAN PRICE	\$1,168,000	\$1,063,000	10%
PERCENT OF LISTINGS SOLD OVER ASKING	6%	42%	- 85%

## DETACHED

	JULY 2018	JULY 2017	% CHG (YR)
NUMBER OF NEW SALES	126	183	- 31%
NUMBER OF NEW LISTINGS	381	500	- 24%
INVENTORY	1,588	1,580	1%
SALES TO ACTIVE RATIO	8%	12%	- 31%
MONTHS OF SUPPLY	9.9	8.3	20%
AVG DAYS ON MARKET	42.8	26.9	59%
MEDIAN DAYS ON MARKET	24	13	85%
AVG PRICE	\$2,335,971	\$2,778,427	- 16%
MEDIAN PRICE	\$1,860,000	\$1,920,000	- 3%
PERCENT OF LISTINGS SOLD OVER ASKING	10%	27%	- 65%

## ABOUT STEVE

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Steve Saretsky is a Vancouver residential Realtor and author behind one of Vancouver's most popular real estate blogs, Vancity Condo Guide. Steve is widely considered a thought leader in the industry with regular appearances on BNN, CBC, CKNW, CTV and as a contributor to BC Business Magazine.

Steve Saretsky provides [real estate services](#) throughout Greater Vancouver. To inquire about listing or buying a property, please email: [steve@stevesaretsky.com](mailto:steve@stevesaretsky.com).





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