

April, 2011.

I often think that the real estate year falls into distinct "thirds", in our secondary home/discretionary marketplace.

The first third is that January to April timeframe, and so here we are, moving into the last weeks of the first third segment.

Traditionally, sales in January/February are usually outcomes of business from the previous year. Perhaps the buyer chose to make the offer/complete the transaction in a new tax year, but were really thinking about a purchase in the previous year. A sale in the first six weeks, then, of a new year, is not often "new business".

I often think that a clear picture of the market in any given year isn't possible until April. March Break activity will have taken place by then, and a forerunner of potential Summer business will have shown itself.

Quite often, the emergence of March Break's early tendrils do flower into a real Summer season. No action in March Break usually means no activity in the "second third". That is what happened in 2008, 2009, and 2010...a "flat" market.

A slow "uptick" in all residential, not just in entry level price options, began to show itself by mid-October, 2010. Undeveloped land and commercial options remained quiet.

Throughout 2006 and 2007, "flat" conditions prevailed. 2008 saw the plunge into "market meltdown" territory and a full "stop" to action. Only entry level residential options saw activity from March 2009 to September 2010, and there were very wide price gaps between list and sale pricings.

Price reductions, without resulting in either more showings or in sales, were the pattern throughout 2009 and 2010.

Buyers did not want to act, and in a secondary home marketplace, where a purchase is by choice/not a necessity, nothing happens unless a buyer comes forward.

Such discretionary markets are totally in the control of the buyer, not the seller or the realtor.

Post-meltdown, fear stopped action. Sales were few and far between.

Appraisers report that prices reduced between early 2007 and late 2010 by 20 to 30 percent, depending on the type of property involved.

Now the fear of currency instability, post-bailouts, and a seeking of a "safe haven", in the aftermath of all the resulting societal unrest, may be behind the current return to hard asset investments. Fear can also "propel".

Or, the renewed interest in discretionary residential real estate may be the simple outcome of the seven year cycle theory.

Seven years up and seven years down...neither scenario in a straight line, of course. It's one market "philosophy".

So, are we in year six of a seven year downturn? If so, that's like 1998-9, and look what happened by 2001-2...a sellers market of huge proportions!

The sales frenzy currently underway in four Vancouver neighbourhoods (West Van, West Side, Richmond, White Rock), driven by Asian buyers (Mainland China), may result in those sellers arriving in the Gulf Islands, on Vancouver Island, on the Sunshine Coast, into the Okanagan "grid"...the very discretionary areas which have been so "flat" in the past four years.

Nothing ever stays up or down forever...and the shift in either direction happens quickly when the "turn" is almost there.

Economic issues continue, "natural" disasters shock, civil wars unexpectedly erupt, societal unrest everywhere...the "global village" is full of unrest and seems without a road map in hand. No one is immune to the societal shifts in this post-internet world.

Locally, businesses reliant on tourism/discretionary buyers (restaurants, galleries, artist studio tours, kayak, scooter, car rentals, B and B, resorts, floatplanes, ferries, hotel, motel, grocery stores, contractors, architects...did I leave anyone out?) also experienced the "pause period" of the past four flat/non-active years. Real estate is a foreteller industry, in a community's life.

With improving sales patterns, we're seeing new building, completion of earlier projects, a "freshening" of business/tourism ideas (Blossom Festival in early April is just one example).

What we do know for sure: low interest rates, reduced prices, good inventory...it is a time to be a buyer, and it appears that thoughtful investors are acting.

If undeveloped land starts to sell strongly, which, I think, may occur by late Fall/early 2012, we would then be starting into sellers market conditions again. That's definitely a positive market indicator, movement in raw land!

So...we are nearing the important "middle third" (May to September), in our secondary home area, which is when the majority of sales take place, IF they are going to occur.

The rhythm of connection seems to be present, for the first time in four years, and buyers are apparently slowly deciding to "act", and in all residential price ranges.

It is a new and heartening pattern that has shown itself, in these important first months of 2011...good news, indeed!

How may I help you to buy your special Salt Spring Island or Southern Gulf Islands property? I look forward to your call!

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