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Each month that passes, since that October to February 2010/11 timeframe, which may be looked back at as a "transition moment", shows continuing slow but steady improvement in both showings action and in sales.

It is true that the main sales activity falls into what might be described as entry level residential. To date, undeveloped land, commercial/business options, cottage/retreat properties, and upper tier priced residential opportunities, remain "flat".

It's interesting to note, though, that the entry level pricings that found buyers, in 2009, were below \$450,000. By 2010, this had crept up to \$650,000. Now, we are seeing sales in the low to mid-700s.

There are random encounters in the \$900,000 to 1.8 million range, with the higher tier being found in the oceanfront residential options, but they are few and far between, with little pattern developing as to a trend.

Price reductions have been a feature of our secondary home/discretionary marketplace for the past two to three years. Until very recently, these reductions did not result in more viewings or in offers. The buyer remained reluctant.

However, since it is essential to be seen as competitive in pricing, most sellers did reduce substantially over the past 18 month period. Some appraisers feel that we reduced in pricings by around 30%, between mid-2007 and current date. With so few sales to point to, though, in any one category, it's difficult to rely on this totally.

As of July 22nd, the weekly solds to date for 2011 saw the bulk of sales in residential, up to \$680,000 (72 in total, up to \$700,000, with over 50 of these sales coming in under \$500,000). There were seven sales between \$700,000 and \$900,000. There were four sales between \$900,000 and one million. Another four sales between one and two million. Only one sale over two million.

In most secondary home/discretionary regions, globally, there is always an inverted pyramid, I think, with the "affordable" entry level residential being a smaller inventory, and the higher end/luxury options being the majority...a different circumstance from a primary residence/city market.

In all discretionary regions, it has been slow in sales since early 2006. In January, 2007, the Wall Street Journal did note that all secondary markets were "stable/inactive" throughout 2006...they meant by this that inventory and prices remained stable and the buyer had become inactive.

So, in spite of all the worries afoot in our post-internet time, with change the constant mantra for all business, there are still cyclical patterns in markets...this is true for the stock market side of investment, and also so for the hard asset options (including real estate).

Although the city markets may not have calmed until late 2007/early 2008, Salt Spring and the Gulf Islands followed the global trend in all discretionary markets...we were "on hold" from that early 2006 moment. No one "has to" buy a second home or a retreat property or a future retirement option in any particular timeframe. It is always by choice. Since early 2006, then, the reluctant buyer syndrome has been present in all similar discretionary areas, around the world...the Fall, 2008 economic meltdowns just solidified for everyone/all markets just what that early hesitation dance had been about, in the secondary home / resort based regions.

Throughout 2009/2010, the sales were slow, were only residential, and mainly entry level pricings. In a downturn, no one is looking for a holding option or a building opportunity, and so undeveloped land does not attract interest. Houses are viewed (3 bed/2 bath), and that means a lack of interest in a recreational/cottage purchase. Higher priced residential lingers, too, as people hold cash...sometimes hoping that prices will come down further, and sometimes out of concern that cash is best to keep, if deflation wins out over the inflation scenario. That "argument" continues!

Underneath all of that worry over currency instability, and a seeking of a safe haven, which might be the driver to action in the rural and secondary home marketplaces right now, there is that cyclical nature of all markets. We may actually be in year six of a seven year cycle, which means we're already on the way up. Savvy investor buyers may be acting now, while prices remain very soft, sellers are highly motivated, interest rates remain historically low, and there is good inventory choice in all property types/price ranges. Such purchasers may be of the opinion that the inflation scenario will be the winner of this lengthy argument between two outcomes...deflation vs inflation.

Whatever the reason, there is a difference out there right now. Locally, and for the first time in two years, we are seeing consistent interest, with physicality on Island to view options, not just phone calls or emails or facebook inquiries. In the viewing, it doesn't mean an offer will come in, but the viewing has to happen first...good news, then, that there is this uptick.

Tourism has also increased, after a good two years of inaction. The marinas are busy with boaters, the galleries and markets in the park are busier, B & Bs and restaurants are busier, and the general "verve" of the Island does seem to have returned to 2007 levels. Good news all the way around, then.

Slow, yes, but it is steadily processing onward, and if this is year six, then we will see next year turning out to be very active and a start into Seller's Market conditions again.

Nothing stays up or down, and equilibrium is a passing aspect...the sign of a transition moment. Perhaps that's where we are, right this second?

Hmmm....

It appears, as well, that our local market will be brisk throughout August, September, October, and possibly into early November. A later / longer trend for this year. Perhaps a part of the year six moving into seven scenario? Always welcome your thoughts, too!

Looking for a Salt Spring Island or Southern Gulf Islands property? Call me! Successfully connecting buyers with sellers, since 1989, I look forward to bringing my expertise and knowledge (of both inventory and trends) to your benefit.

How may I help you to buy your special Island property?

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