

February, 2011.

Markets are not static...up, down, up, down...the thing is, we don't know the length of these ups/downs...six months? Two years? A decade?

Nevertheless, markets have beginnings/middles/ends, whether going up or down (market equilibrium doesn't last, if it's even possible).

When looking back, it appears that the current pause in all secondary home marketplaces, globally, including on the Gulf Islands, began in early 2006. Although sales still took place in 2006/2007, they were sparse and prices had begun to soften. By the time the global economic meltdowns occurred in Fall, 2008, the housing bubble had burst, well and truly, and "everywhere".

In the secondary home/discretionary markets, appraisers noted that prices had reduced by 20 to 30 percent between mid- 2007 and mid-2010.

No one "has to" buy a recreational property, and one can decide to retire later than initially planned. A buyer always sets the pace for sales in all discretionary marketplaces.

While primary residence/city markets experienced "uptick" in entry-level properties, throughout 2009 and first half of 2010, this was not seen in any B.C. rural/secondary home markets.

Buyer reluctance was the name of the game, in all our B.C. discretionary areas.

Substantial price reductions, always a classic response to stagnant conditions, did not result in more viewings and seldom resulted in offers (particularly in the upper tier priced properties).

Tax assessments are arrived at by a "snapshot" of the market on July 1st, and this then becomes the government assessed value in January of following year. Based on the lengthy "flat" conditions, many properties on Salt Spring experienced reductions in assessed values...between 7 and 20 percent, apparently. It is true that on July 1, 2010, the "doldrums" were still in evidence.

By mid-October 2010, though, a rise in buyer willingness to act was noted, in all residential properties, including in luxury offerings.

Fear can both "stop" action and propel activity. This renewed push to action seems to be fueled by both a fear of currency instability and a search for a "safe haven".

So much paper money has been created in the bailouts, globally, that cash itself is becoming valueless. Inflationary pressures are growing, and the seemingly evenly balanced argument of the past couple of years, between deflation/inflation, appears to be falling on the inflation side.

People are worried...best to seek an area a little "apart", where one can be self-sustaining.

Salt Spring Island and the other Gulf Islands are seen as very appealing venues...temperate weather, ability to grow food locally, a community based lifestyle, services/amenities available on site or nearby, proximity to major centres but a ferry trip "apart", privacy, cultural life available...the current issue of Sunset Magazine even names Salt Spring Island as one of the top 10 places to live, on the Pacific Coast of North America.

The Islands Trust, a B.C. provincial government body, preserves the environmental beauties of the Islands through severe zoning restrictions, which have been in place since 1974.

Whispers of activity, then, in our residential market segment, since mid-October of 2010...still quiet in undeveloped land and in commercial options, however. These two market segments usually follow the residential pattern within six months.

Historically, markets seem to follow that seven year pattern...there's always a beginning/middle/end...if it began in early 2006, on a downward track, then we're now in year six of a cycle...that's a transition moment, where we still see some sellers further suppressing prices to attract interest and buyers back, making low offers. The buyer is still in charge of the process!

Inventory is "thinning" out, few new options coming on the market, consistent sales volume, with viewings activity now into the "over a million" segment...all this is concurrent with continuing low interest rates.

Hmmm...we do seem to be on the upward track, creeping out of the "flatness" of the past 3 to 4 years. Saavy investor buyers are around (always early responders to market shifts), and those seeking a "safe haven" address, and those coming with cash (many offers without a financing clause right now), looking to "preserve capital"....hmmm...2011 is already a very different landscape in the secondary home market regions, including on Salt Spring Island and the other Gulf Islands. More information? Call me!

Along with a market "uptick", the power of social media continues to show itself. Essential to be where the consumers are, in all marketing processes. Old style marketing does not generate buyers. Questions? Call me!

How may I help you to discover and to buy your Salt Spring Island or Gulf Island dream property?

Look forward to your call!

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