

June, 2011.

Some mid-year market "thoughts"....

On my last count, there appear to be 32 realtors still in the business, on Salt Spring Island.

When I first started as an Island realtor, in 1989, there were 9 companies and 89 realtors in the business. Some realtors were, of course, part-time (by choice). I learned what that 80/20 "maxim" was all about: 80 % of the business is done by 20% of the people. This truism applies to all business, I think.

Between 1994 and 1998, in B.C., there was a significant downturn...the rest of North America appeared to be booming away, economically, but not B.C.

At that time, it was against the Real Estate Act in B.C. to have another job...one was a realtor and that was that.

In downturns, then, with endless expense/no incoming, realtors often "hung up their licenses", for the allowable two year period, and did something else, hoping to wait out the poor sales time. The Real Estate Services Act, which recently replaced the old Act, did introduce some changes. Another change allowed realtors to hold a second job, and a job without any relationship to real estate sales...this does allow realtors the option, then, of keeping their licence intact, while working at another job, during a downturn. Such a decision might lead to a part-time sales status, which means information might not always be optimum/of the moment. A struggle, perhaps, on the part of the agent, to remain "current" while not actively pursuing the real estate sales side of their careers.

Also, before 1998, it was often valuable to work for a major franchise company...although offices were usually owned/operated "locally", they had an "umbrella" association with each other. Pre-Internet days, this loose federation of offices did encourage referrals between offices, and that was occasionally a

"plus" for the realtors working for such "label" firms. The advent of the Internet erased that small advantage, however.

In 2000, several things occurred, although no one was connecting the dots, and realizing that a major shift was underway.

The dot.com bubble burst, and a lot of money was looking for a home. The Internet had erased time and geography, putting information searching in the control of the consumer (not the company or the agent), and this "international" not "local" buyer profile was seeking solid investments.

At the same time, we had historically low interest rates, coupled with easy mortgage money, and a very low Canadian Dollar compared to U.S., Pound, and Euro currencies.

The Internet search had also helped to propel the discovery of the beauty of the entire Pacific Northwest Coast, a long overlooked area...and one with some of the best protected boating waters in the world!

Between 2000 and 2002, sales volume rose by approximately 50%, according to some appraisers. The 9/11 horror added a new component to a buyer's search parameter: the seeking of a safe haven....

Between 2002 and 2005, sale pricings rose approximately 60%, in many coastal communities, according to some appraisers, and especially in the Tofino/Uclulet area, on Salt Spring Island, in Whistler, and in B.C.'s Interior (Kelowna). Of course, per usual in "good times", the ranks of realtors increased!

From the outside looking in, this career choice looks easy. It is, however, a business like any other, and there is a huge expense/outlay before any income is netted. That 80/20 "rule" is seen here, too: within two years of being licensed, 80% of new realtors have apparently left the business. In spite of a change to

the Act, which now allows a realtor to hold a second job while licensed as a realtor, the expenditures of money, time, energy are still not for everyone.

Throughout 2006 and 2007, and into early 2008, there was a distinct "pause" in sales action. Prices began to soften as this slower time period evolved. The economic meltdowns of Fall, 2008 signaled the shift moment to everyone, not just to the savvy projectionists.

We are now firmly in the post-Internet world, where the consumer is in control and it's a bottom up scenario, not a top down script. It's perhaps the beginning of the "real" 21st Century!

For real estate, this means we need to connect directly with our client base. Referral/umbrella franchise companies are a 20th Century model, and no longer provide the service they were created for...connections are now direct.

The buyer profile is international...geography is no longer a limiting factor, again due to the Internet. This means that a property somewhere is in competition with a property everywhere. One has to sell the area now, not just the property...the global village citizen has huge choice. Why here? Why not there? Sellers and realtors have to pay attention to this consumer choice scenario.

Time is erased...important to have data available "always". This means new ways of presentation and availability have to be implemented. The great eye of the Internet search never sleeps!

Hmmm...in change lies opportunity, remember!

So, locally, baby steps of recovery in entry level residential options, throughout 2009 and 2010...just very recently a resurgence of interest in the luxury priced property segment...perhaps a fear of currency instability and a continued search for a "safe haven" are two drivers to action right now?...and, of course,

recognizing that markets are always cyclical, we might be in year six of a seven year down cycle. That means it's still a good time to be a buyer, but not for much longer...by 2013 we may be back to sellers market conditions.

My definition of a buyer's market? High inventory, low prices, no buyers. A seller's market? No inventory, high prices, lots of buyers. It's buyers that set markets, not sellers or realtors.

I think we will look back and decide that October, 2010 was the "bottom-bottom" in the real estate market. I think by this time in 2012 we will see sellers back in control of the sales equation. It may be as a result of a shift to good hard asset investment to preserve capital, or simply that it's the beginning of the next seven year cycle.

Looking for an excellent property investment on Salt Spring Island?

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On Southern Vancouver Island?

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It's important to me that you "buy well". It's all beautiful, but it's not all "equal".

I can also refer you to a good realtor in another area of B.C., if that's your preference.

How may I help you to buy your special property?

Look forward to connecting with you!

liread33@gmail.com