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The end of the year is a time to both look back, as a kind of summing up, with the benefit of hind-sight, and also a time to look forward, to dare a little, to make some projections.

The hind-sight part:

On looking back, it's clear that entry level residential was the flavour of the month, IF a buyer could be encouraged to act. When I look at the "solds to date" info, for 2011, I can see that the bulk of the sales have been below \$650,000. What doesn't show on my "solds to date" info is the price reduction track...it only shows last list price plus the sold price. (Please call me for this definitive list...other solds info might be Board specific...mine shows the total sales picture).

The sales over \$800,000 (few of them) tended to be waterfront options...many needing work to the dwellings...not move in ready...or, perhaps cottage/retreat, not "house" options.

In a down market, both fine oceanviews and undeveloped land options suffer.

When pricings come down by 30% (this is what appraisers surmise, between mid-2007 & present day), then the spread between fixer upper oceanfront and fine oceanview narrows. We are an island, and so the first choice is always oceanfront. Buyers will pick up a fixer-upper before they will view a state of the art oceanview option...ah, the water, the water!

The lack of interest in undeveloped land choices, no matter how delectable, even superb oceanfront options, is another indicator of a downmarket moment.

In a secondary home/discretionary marketplace (which describes Salt Spring Island & all Gulf Islands, plus Vancouver Island outside of core Victoria, the Sunshine Coast, & many of the B.C. Interior communities) no one "has to" buy anything...it's all by choice, and the buyer is in control of the entire process, both the "where" and the "when" of all purchases.

In a downmarket, a buyer can put a second home, a recreational, a retirement choice "on hold", thus.

An entry level price point purchase is either an opportunity for a local to buy (3 bed/2 bath home is the desire) or an investor looking for rental income might also act. It's not necessarily an end user.

So, that's the hind-sight view: for the past three years, the activity has been in entry level residential. The price of this has come up from \$400,000 to \$650,000, however, and this is a good sign.

No interest in undeveloped land (no one looking for a holding property, no one looking to build), no interest in businesses or in commercial/investment options, and little interest in the upper end residential pricings (any sales, and very few of them, saw huge price reductions at the point of the offer, even after significant price reductions en route to the sale)...typical scenario, then, of a downmarket syndrome in a discretionary area.

It seems to be widely agreed now that the U.S. Recession had begun in 2007. It's also evident now that secondary home/discretionary areas, and globally so, had flattened in 2006. The Wall Street Journal, in January 2007, noted that all discretionary markets had become stable/inactive in 2006...meaning that inventory & pricing was stable & buyers were inactive. This inactive buyer scenario has been in place, in secondary home/resort based areas, from 2006 to present day.

Are we then in year six of a seven year cycle, and thus already on our way up?

Hmmm...wish someone could produce the crystal ball!

It is true that we are in a time of huge shift, and societally so. Economics is the pied piper, and the continuing geopolitical meltdowns continue. No business is exempt from the effects of the Internet, which has placed decisions in the consumer's hand, and also has opened up the factor that someplace is now in competition with everywhere, re real estate options. It's almost a given that if something "worked", in business, even five years ago, it won't now. No roadmap, then.

Downgrading of the U.S., Eurozone incipient collapses, the rise of China, the bailouts (money being printed?), earthquakes that cause economic loss as well as lives, severe weather problems, Arab Spring revolutions that upset 30 & 40 year patterns, the re-emergence of an autocratic Russia, etc etc etc...no place is exempt from the repercussions of change.

It used to be said that real estate was local...this is less and less true. The post-Internet world is the world of the meshed global village, and every place is affected and is in competition with every other place.

Different days!

The projection part?

Ah...now that is a daring thing to attempt, in this cloudy time of uncertainty. Would we call this moment the Age of Insecurity?

Let's dare:

- if we are in year six of a seven year cycle then we should notice thinning inventory and increasing sales, perhaps by Spring, 2012.
- when inventory of good properties thins, and the buyer sees good value in buying real estate, most likely to preserve capital, then prices will start to rise.
- the sale of undeveloped land choices may signal this shift of market dynamics. If good residential inventory thins, then it makes better sense to seek land deals and to build, rather than to renovate severely a so-so option.
- with the continued bailouts, inflation may be the outcome to the past four years of maybe yes (inflation) / maybe no (deflation) debates. If so, buyers may choose discretionary real estate again, as that preservation of capital move...unique properties will be their quest.
- people may also look again at smaller communities, well apart from big city pressures...where sustainability is possible. The recent occupy movements, which crystalized diffuse anger, may encourage a seeking of a safe haven....

An aging population, a desire for a gentler lifestyle, a seeking of a location that offers the ability to enjoy the pleasures of life in the wired world of the 21st Century while still retaining the bliss of a "yesteryear" experience (of appeal to a young family), where all strata of a population and all demographics mingle...sounds a lot like a search for Salt Spring Island, or a nearby Southern Gulf Island...temperate climate, sustainable lifestyle, educational opportunities, rich cultural options, in the heart of the best protected boating waters in the world...it is special.

How may I help you to discover this lovely area? Benefit from my expertise and knowledge, of both inventory and of market trends. A full time and full service real estate agent, successfully connecting sellers with buyers, since 1989, I await your call.

How may I help you to buy your Salt Spring Island or Southern Gulf Island property?

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