

Current Market Conditions

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Late Fall is usually the beginning of the "softer season" on Salt Spring & the Gulf Islands & on Vancouver Island. Although our Winter weather is more like a long late Fall or a prolonged early Spring, it is still considered our "off season". This year, the so-called off season remains busy. Hmmm....

Tourism drives real estate sales in secondary home/recreational markets, & then all other businesses experience good outcomes. The engine of those positive results is a stellar visitor experience, & the downturn in tourism between 2009 & 2012 did affect real estate outcomes in all coastal discretionary regions.

Slowly, since late summer of 2013, a slow resurgence in visitor arrivals began. Most businesses on Salt Spring, in summer/early Fall, this 2014 year, did see their "season" as the best since 2007. This local business outcome is a clear signal of an improving trend for real estate sales in all recreational areas.

The pattern of entry level residential sales, that began in Fall 2013, has continued throughout 2014. Inventory in this property segment is thinning. Sales volume has increased substantially. List prices are slowly stabilizing, in that entry level category. The viewing price point considered by the buyer for same is also rising...from a search between 300,000 & 500,000 to one that would include properties up to 700,000. All good news for a strengthening market.

There has been a small increase, this year, in residential sales between 1 & 1.8 million. Some of these are step-in ready newer homes on large view acreages. A few are older homes on pleasing waterfront parcels, able to be enjoyed as summer places for now, & ready to develop as permanent homes later.

Although many of these options had been listed between 2 & 6 years, & had come down significantly in list prices before selling, their eventual sales do point to a renewal of interest in the higher end opportunities...a sign of an authentic recovery for a secondary home marketplace. Yes, offers are lower than sellers might have hoped for, but the fact of interest is a market dynamic that predicts change...& on an uptick momentum.

Another sign of a recovery: the slow increase in undeveloped land sales. When a buyer will purchase a lot or acreage, in a "by choice" region, to either "hold" or to develop, it shows a growing confidence in the overall economy...& a recognition of where the best deals might be found. Secondary home markets may have seen a 45% drop in value since 2008's meltdowns. An investor-buyer recognizes this is a premier moment to act in such markets.

In spite of lateness in the year, the property viewings & subsequent sales continue on Salt Spring, on the Gulf Islands, & on Vancouver Island. Yes, the bulk of such sales are still in that entry level residential category, but prices of same are rising.

Our usual Pacific Northwest Coast "season" (May to October) seems to have shifted this year to an August beginning...& it is still continuing.

2014 may be recognized as the true transition year between a severe & prolonged downmarket and a serious hard asset uptick. If so, then our Spring Market (in play by March Break) in 2015 may show higher prices & less inventory.

Recently, tax assessed values were being relied upon by buyers as market value indicators. This may be another area of upcoming change. Previously, in all secondary home regions, market value was always much higher than government tax assessments. This recent timeline in favour of buyers may be slow-dancing to the seller side of the transaction equation. February 2015 should tell the tale.

One serious change post-downturn (which may have been in place since 2006, in all secondary home/discretionary regions): the buyer profile. Pre-2008 economic meltdowns, that "boomer" demographic was a strong buyer profile on Salt Spring & the Gulf Islands, & on Vancouver Island. An aging population in this segment may lead to a reliance on "millenials" ...& their property decisions may be very different from those earlier boomer desires.

Will secondary home marketplaces be as popular? Hmmm...that might be the big unknown, for all discretionary/recreational communities. Changing tastes mean changing visitor outcomes...which directly affect real estate sales in all "by choice" regions. Hmmm, indeed!

Many positive signs, then, as we ease to the final weeks of 2014. Continuing entry level sales activity, growing interest in undeveloped land, a slow renewal of sales in the million plus range, a recognition of excellent values in secondary home markets...plus a renewed safe haven seeking.

All indicators point to better days for tourism & real estate sales in all coastal discretionary areas. The recovery is not even-handed, but it is underway.

More information? Call me! Your best interests are my motivation. Successfully connecting buyers & sellers, since 1989, my experience & my knowledge of inventory & of trends will benefit you.

How may I help you to buy your special Salt Spring Island, or Gulf Islands, or Vancouver Island property?

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