

# Spring 2011 Newsletter

DeFeo

& ASSOCIATES

REAL ESTATE SERVICES



## Vernon Real Estate, The Last 10 Years at a Glance

The most common question I receive remains “How’s the Market?” Although the question is almost always phrased precisely as “How’s the Market?” the person asking the question rarely wants the reply to include information regarding the number of properties listed, the inventory of homes for sale, the number of homes or properties sold in comparison to another time period or other historical data and is really asking “Can you please tell me what is happening to the value of my home?”.

The spreadsheet below contains an abundance of statistical real estate information that will answer most all of the above questions and also answer the question of “What is happening to the value of my home?”.

Real estate prices and the real estate market is a perfect example of a “true market”. It is a simple function of supply and demand. Each individual seller determines their asking price based on their own circumstances. Buyers “shop by comparison” and then their bids or offers ultimately determine the value of the property and “the market”.

New home construction and real estate sales are the most active during times of economic growth or when we are in an “economic boom”. Simply, when times are good we love to buy real estate. We upgrade our principle residence with a new or pre-owned home, we purchase real estate as an investment vehicle, we purchase real estate to enjoy as a vacation property and new buyers flock to the market. When times are tough or recessionary, we tend to “hunker down” and stay put.

The below figures are from the statistics of the North Okanagan Real Estate Board. Note how consistent the supply or the number of homes listed in each of the past 10 years has been, despite severely different economic times and cycles. The driver of both the increasing prices of 2003 to 2007 and the decreasing prices of the past few years, has been the lowered (or more usual) demand for real estate and the fewer real estate transactions. During 2003 to 2007 we sold approximately 1200 of the 1700 listed homes every year and sellers enjoyed a list to sell ratio of approximately 70% to 75%. Over the last 3 years, that ratio has declined to between 35% to 50% and as a result of the consistent supply of homes and properties but less buyer demand, prices have declined.

So how’s the market? Well thanks for asking. We are still selling a lot of homes, not as many as before but still a healthy amount and a healthy market. What is happening to the values of your home? While that is different. Property values peaked just about the summer of 2008, declined significantly in the second half of 2008 and 2009, then recovered slightly. Where prices will go for the remainder of this year will simply be determined by the number of homes sold. Currently 2011 sales are down about 30% from the same period in 2010. If 2011 sales continue to lag well behind last year, then we should expect prices to decline. If and when the economy recovers and buyer confidence returns, more properties will trade hands and prices will again increase as demand and supply become more balanced. I will keep you posted, but monthly statistical updates and the complete statistics for the past 10+ years are available on our web page under “community ” then “real estate statistics”.

| Year | Total Sales | \$ Volume  | Residential Listings | Residential Sales | Sell Ratio | Average Price* | Median Price* | Dec 31 Inventory |
|------|-------------|------------|----------------------|-------------------|------------|----------------|---------------|------------------|
| 2010 | 1497        | \$508,527m | 1682                 | 704               | 42%        | \$379,103      | \$349,000     | 522              |
| 2009 | 1651        | \$563,713m | 1698                 | 828               | 49%        | \$368,485      | \$345,000     | 494              |
| 2008 | 1502        | \$562,405m | 1998                 | 696               | 35%        | \$394,719      | \$376,000     | 629              |
| 2007 | 2534        | \$876,472m | 1667                 | 1149              | 69%        | \$374,250      | \$348,000     | 335              |
| 2006 | 2545        | \$725,310m | 1723                 | 1152              | 67%        | \$312,547      | \$290,000     | 350              |
| 2005 | 2751        | \$638,688m | 1648                 | 1203              | 73%        | \$230,000      | \$232,000     | 264              |
| 2004 | 2761        | \$529,423m | 1699                 | 1297              | 76%        | \$203,378      | \$185,000     | 235              |
| 2003 | 2301        | \$397,036m | 1588                 | 1213              | 76%        | \$177,590      | \$159,000     | 274              |
| 2002 | 1910        | \$306,668m | 1637                 | 981               | 60%        | \$163,237      | \$145,000     | 404              |
| 2001 | 1588        | \$230,812m | 1532                 | 833               | 54%        | \$148,126      | \$140,000     | 487              |
| 2000 | 1374        | \$200,703m | 1445                 | 758               | 52%        | \$148,553      | \$134,000     | 498              |

\*The quoted median and average prices are for a “single family residential home”.

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