

MARKET STATS



Sussex

MARCH 2023

Greater Vancouver's Property Market Resilient as Q1 2023 Draws to a Close: Prices Recover and Demand Resurges.

As the first quarter of 2023 draws to a close, Greater Vancouver's real estate market has continued to rally, with aggregate home values soaring to an average sales price of \$1,269,098. The largest gain was observed in the detached market, where the average price surged to \$2,175,092, marking a significant 14% increase or a gain of \$265,991 compared to the market low experienced in January, when the average price was \$1,909,101.

Moreover, the townhouse and condo markets also showed a marginal increase in average sale prices during March. The average townhouse price rose to \$1,093,140, representing a modest \$11,326 uptick, while the average condo price reached \$785,785, marking an increase of \$7,187 from the previous month.

Despite early concerns of a possible recession, the real estate market has remained resilient, with home sale prices remaining steady. Although values had initially dropped by 13% from peak values at the beginning of the year, they have since recovered by \$102,769 over the past two months, thereby recouping a significant proportion of the \$174,258 decline observed in January. While interest rate hikes have caused a notable decrease in the number of sales, home values have only decreased by 6% compared to February 2022, which was the month prior to the start of last year's interest rate increases.

“On the pricing side, the spring market is already on track to outpace our 2023 forecast, which anticipated modest price increases of about one to two percent across all product types,” Andrew Lis, REBGV’s director of economics and data analytics said. “The surprising part of this recent activity is that these price increases are occurring against a backdrop of elevated borrowing costs, below-average sales, and new listing activity that continues to suggest that sellers are awaiting more favourable market conditions.”

The Greater Vancouver housing market has been able to withstand a rapidly rising interest rate environment with great aplomb and the Canadian Real Estate market future bodes well according to Royal Le Page President and CEO Phil Soper “Eight times a year, the Bank of Canada announces changes to its key interest rate, and for eight consecutive meetings, they aggressively raised rates in an effort to tame runaway inflation. On March 8th, 2023 they did nothing and doing nothing was a very big deal,” said Soper, “Based on our just-completed national survey, this was the signal that many Canadians were waiting for – an indication that it was safe to wade back into the housing market to search for the family home they so desperately want or need.”

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The survey found that more than a quarter (26%) of Canadians who put their home purchase plans on hold over the last year due to rising interest rates will resume their search this spring, following the Bank of Canada's announcement last week to hold the overnight lending rate at 4.5%. Meanwhile, more than one third (36%) say they plan to move forward with their buying intentions, but will wait for the central bank to maintain the current rate for several consecutive months.

March's data reveals promising signs of a resurgent demand in the market. The aggregate list-to-sale ratio has surged to 31%, marking the highest total since the market's peak in April 2022, and is well above the historical average of 23%. Additionally, each asset class exhibited robust demand, with the townhouse market achieving a sales ratio of 41%, the condo market at 36%, and the detached market reaching a 23% ratio.

Although the sales figures are improving, they would undoubtedly be even more so if the inventory levels could achieve some degree of normalization. The total properties for sale available in March stood at 8,082, which is a significant 32% decrease compared to the preceding 18 years of March data averaging 11,392.

The condo market, with its active listings finishing the month at 3,638, has been the standout performer, as it only decreased by 25% from historical averages. While this figure is not stellar, it is far better than the detached and townhouse markets, which saw their inventory totals plummet by 39% and 40%, respectively. The anemic level of inventory stood at just 3,229 detached properties and a mere 879 active townhouses, marking the lowest figures recorded since the turn of the millennia.

"If home sellers remain on the sidelines, monthly MLS® sales figures will continue to appear lower than historical averages as we move toward summer," Lis said. "But it's important to recognize the chicken-and-egg nature of these statistics. The number of sales in any given month is partially determined by the number of homes that come to market that month, along with the inventory of unsold homes listed in previous months. With fewer homes coming on the market, homes sales will remain lower than we're accustomed to seeing at this point in the year, almost entirely by definition."

To summarize, the Greater Vancouver housing market is currently seeing a surge in demand, while facing a shortage of available properties for sale. This will likely lead to heightened competition for high-quality listings. Many properties are receiving multiple offers, and unconditional offers are becoming increasingly common. As we move through the remainder of 2023, barring a significant increase in interest rates or our unemployment numbers, we can expect this trend to continue.

Market Stats

MARKET

DETACHED

\$2,175,092

SALE PRICE AVG.

3,237

INVENTORY

739

SALES

39

DOM
AVG.

97%

LIST PRICE VS.
SALES PRICE

TOWNHOME

\$1,093,140

SALE PRICE AVG.

886

INVENTORY

363

SALES

27

DOM
AVG.

98.6%

LIST PRICE VS.
SALES PRICE

CONDO

\$785,785

SALE PRICE AVG.

3,653

INVENTORY

1,317

SALES

30

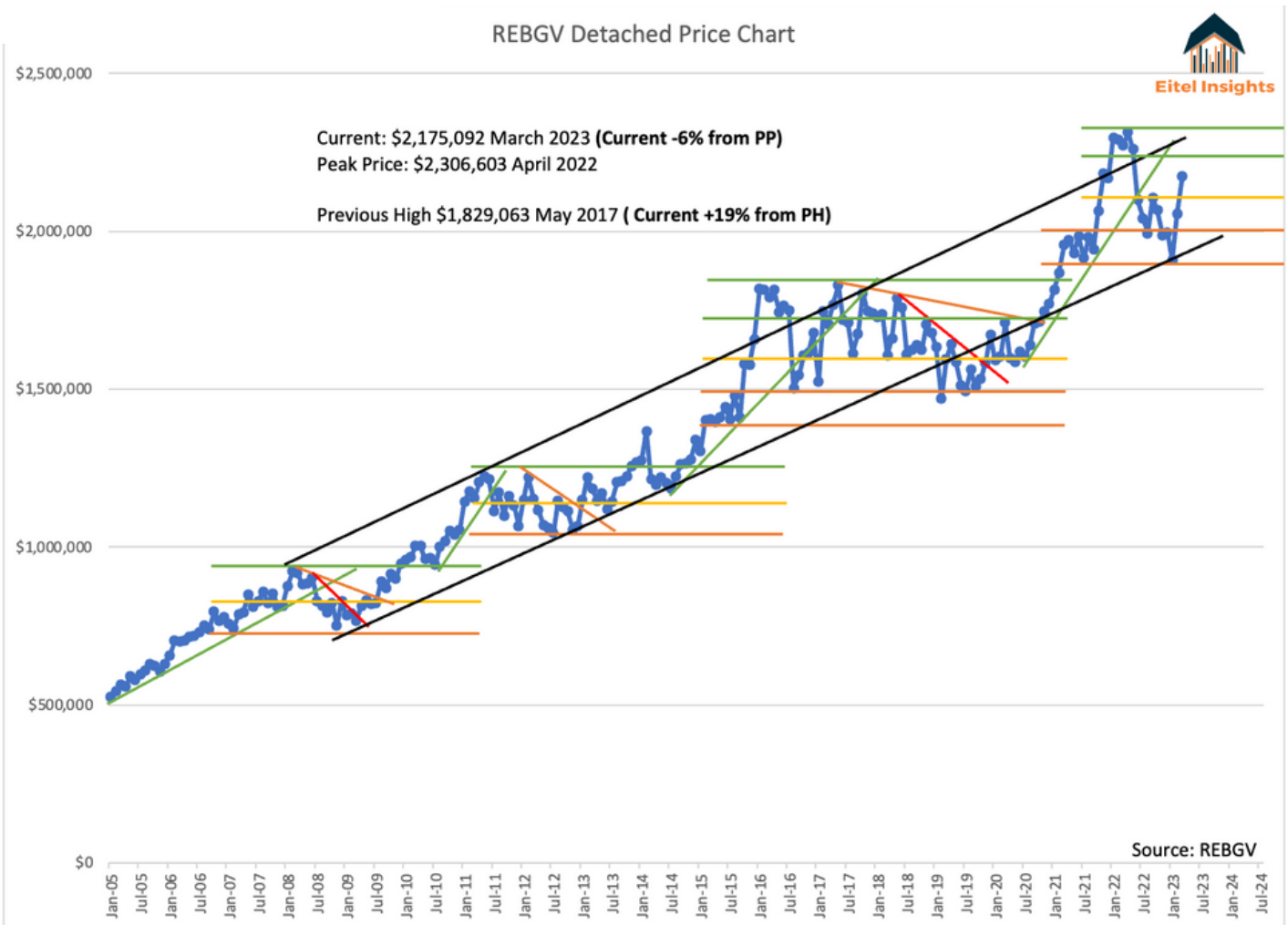
DOM
AVG.

98.5%

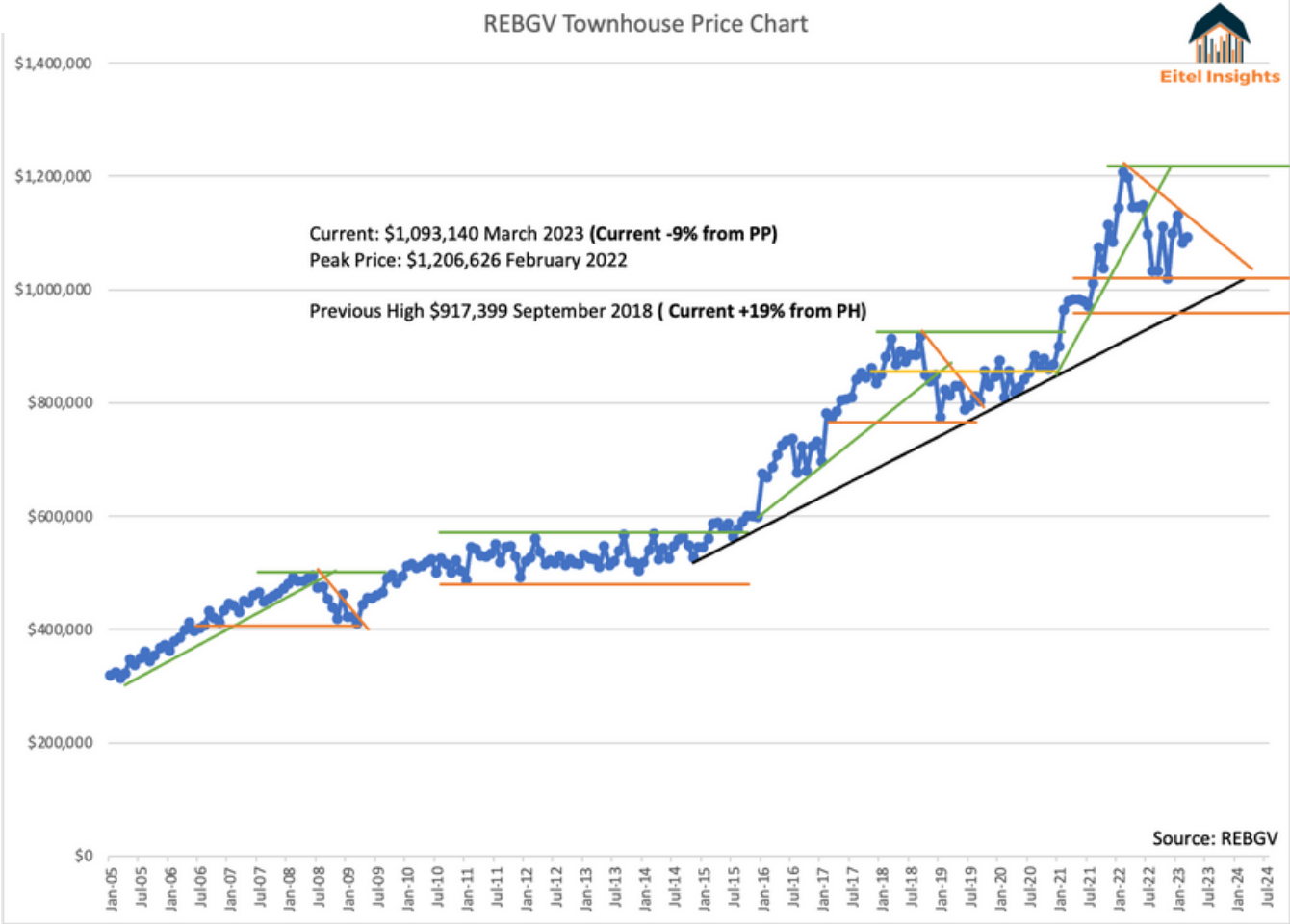
LIST PRICE VS.
SALES PRICE

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Detached Price Chart

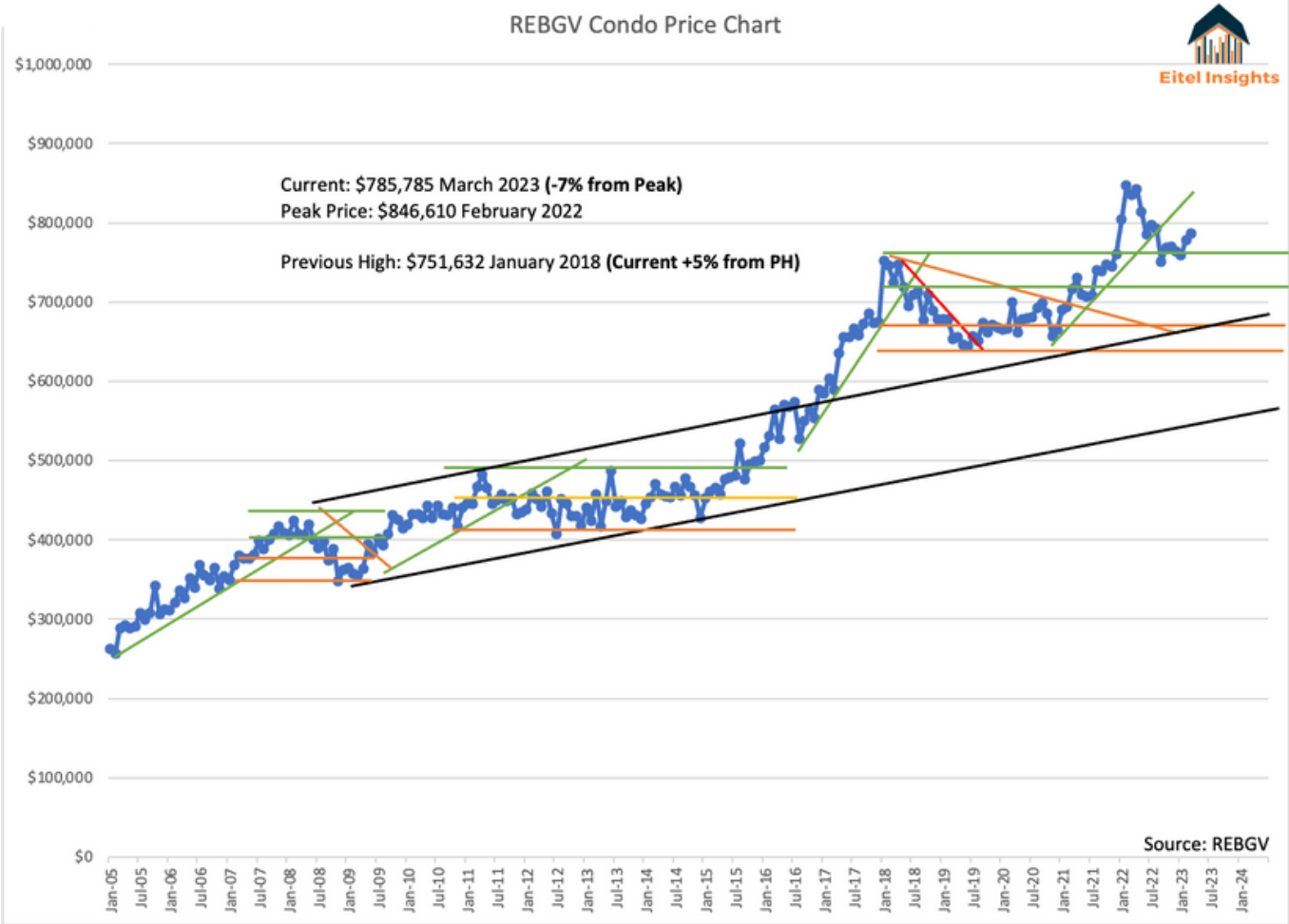


Townhouse Price Chart



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Condo Price Chart



Super-wealthy real estate buyers are back on the prowl

Vancouver's super high-end buyers, not your random millionaires – but your centi-millionaire types – appear to be out of hibernation. Despite the foreign buyer ban that went into effect in January, there is an appetite among the über-wealthy for the splashiest of mansions and penthouses.

Inventory for this market, is, however, low, with about 17 listings for homes above \$10-million in the city right now, says realtor Faith Wilson, who has two such active listings.

“One hundred per cent, yes,” she says, when asked if it's a market showing signs of life. “People have money and people are making offers, so it's just a matter of putting the deals together.”

Who are these remarkably rich buyers with deep pockets?

“A lot of local people,” Ms. Wilson says. “They can't be foreign buyers, so they are expats and they've got their PRs [permanent resident status]. There is Hong Kong money here for sure – expats with PRs – or Canadian citizens trying to flow some of their money back here, there's that demographic.

“Vancouver and the Lower Mainland is a wealthy, wealthy area, as far as a fair amount of people with high net worth. So they are looking.”

The home that caught everybody's attention a few weeks ago was the sale of a waterfront Daniel Evan White designed home at 3439 Point Grey Rd. Mr. White was a residential architect who had worked with Arthur Erickson. He died in 2012, and in 2014 the Museum of Vancouver honoured his work in an exhibit called Play House.

The asking price for the home was \$24,988,000, and it sold for \$24-million after 32 days on the market. A title search shows the registered owners are “Jacob Austin, Canadian Senator” and “Natalie Veiner Freeman, housewife.”

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The record of ownership for the 5,475-square-foot home with 66-foot wide waterfront frontage goes back to 1988, and the house was built in 1979. Taxes for 2022 were \$121,560, a hefty price tag for living on what is essentially a gated community in Kitsilano, down the road from Lululemon founder Chip Wilson's \$74-million house.

The seller did well considering that the home is assessed at \$20.82-million and a report generated by Landcor Data Corp., puts the value at \$17.32-million. But they say that a property is worth whatever someone is willing to pay for it.

"Not much comes up on the north side of Point Grey Road," agent Bryan Yan explains. "These guys [that buy] are centi-millionaires or plus. They aren't normal millionaires. If you look at his property tax – doctors don't make that kind of money."

Ms. Wilson has a listing in Shaughnessy at 1318 Minto Cres., for \$24.8-million, a roughly 27,000-sq.-ft. lot with a 10,000-sq.-ft. home.

"I can say that we've had a few offers. We're just waiting to find that right fit. But there is more than one person walking around with \$20-million-plus in their pocket," she says. "Everybody is looking to carve out their best deal. That's what it comes down to."

They are negotiating because there are "deals," of sorts, particularly in the high-end condo market, although that could change this spring. But last year, condos priced higher than \$4-million saw an average sold price shrinkage of 23 per cent, according to the Engel & Völkers 2022 year-end luxury real estate market report.

Downtown, at the Fairmont Pacific Rim, penthouse No. 2 at 1011 Cordova St. sold for \$19.3-million after more than 100 days on the market. The asking price was \$24.88-million, and it had been relisted several times. The owner on title of that property is a numbered company.

Realtor Salina Kai, who represented the seller, said the unique customized unit wasn't suited to a family because it's a two-level, 6,500-sq.-ft. space. Most of the buyers looking were middle-aged professionals.

Ms. Kai says high net worth individuals are looking to negotiate, and they are more confident since the Bank of Canada suggested they may not increase the interest rate again this year.

“If it’s something that they desire and want, I think they can overcome that,” she said of the higher rate. “I think when the market seems down, they would be the people who go after things. It’s not regular wealthy people; it’s the ultra, ultra wealthy that does this. I feel like this is when they make their move. ... That’s why we are seeing a few more of these sales. And they are negotiating, right.

“It’s not across the board, but I think it’s good timing because the sellers might have opportunities with cash that they can also use and make more money on. It creates this perfect storm amongst this high net worth wealth, where if they have opportunities maybe they’ll let go of some of their prized assets to do so.”

She represented the buyer on a more modest purchase at 1495 Bramwell Rd. in West Vancouver, a 7,978-sq.-ft. home listed at \$8.89-million that sold on Feb. 28 for \$7.8-million, which was a considerable price drop.

“They definitely want to make sure to take into account the market, and buffer themselves a little too for whatever reason, if the market does dip a bit more. But we are seeing signs that it’s not going to.”

Ms. Wilson has another listing at 6848 Hudson St. for \$11.6-million, a completely updated 1990s Shaughnessy house has eight bedrooms. She’s received a few offers on that one too, listed less than two months ago, but so far a deal hasn’t been made.

Foreign buyers can still find their way into the market, with limitations, Ms. Wilson says. She has foreign clients who are considering purchasing outside of Vancouver, in communities where it’s allowed. Foreign buyers can get started in a secondary market until the ban expires, then switch over, she says.

“They go, ‘maybe we will buy here, and invest money here in the meantime and when the ban lets up, maybe we will transfer the money over, or keep it as an investment and buy something else.’

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“We’re resilient. So you figure out how you can make it work for you,” Ms. Wilson says.

The centi-millionaires are an especially discreet group. It’s not uncommon for realtors involved in the transaction to have to sign a non-disclosure agreement (NDA), even though they’re already bound by confidentiality rules.

Ms. Kai said that even enquiring about a property can require the signing of an NDA, such as the house on Point Grey Road.

“When we wanted information on that house, we had to sign an NDA as well,” she says.

She also had to sign an NDA to ensure she didn’t discuss the details of the purchaser of the Fairmont Pacific Rim penthouse. (As of April 1, real estate professionals in Ontario will be restricted from using NDAs when settling a dispute with a client.)

Ms. Wilson said it’s a matter of not wanting sensationalism around the sale, and also security concerns. Most ultra-wealthy sellers don’t list on the Multiple Listings Service for those reasons. And even then, it’s not always easy to keep the listing under wraps. She was the listing agent in the sale of a property in 2021 that published reports said was owned by actress Michelle Pfeiffer and television writer and producer David E. Kelley, located in a remote part of the B.C. coast. Ms. Wilson has never commented on the sale, which had an asking price of \$28-million.

“Some of the people I’ve dealt with, they are famous, high profile people. They don’t want that sensationalism around the sale: ‘Oh so and so sold their house.’ Or there may be security issues. If you are a high net worth individual, with family in, say the Lower Mainland for example, you may want an NDA. You don’t want people to know where you live.”

The pressure for discretion can be intense. One agent involved in one of the most expensive listings last year was too afraid to even comment for this story.

“The big family money people, they guard their privacy incredibly tight. And if you talk about them, you will never work with anyone like that again,” realtor Ian Watt explains. “And they are vicious to the point where you feel threatened. And fair enough – they trust you, so you should keep your mouth shut. They don’t want anyone knowing their financial situations, ever. So all their finances, everything is so private.”

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