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Greetings from Bonnie & Ben

It has been an interesting couple of months leading into the summer with the market experiencing a bit of a correction to the crazy markets we've experienced over the past few years. That said, the overall market landscape is still displaying signs of strength and the notion of US-style collapse seems remote.

If anything, it is just time for Buyers out there to finally catch a break after several years of a market that heavily favoured Sellers.

There are deals to be had in today's market, but prices are still historically strong for Seller's who remain patient.

In the news this month...

"What's really happening out there? Has the bubble burst?"

In short, yes... and no... With the number of new listings growing and the number of sales falling, we are in a market now that is different than what we have seen the past few years. Gone are the bidding wars, subject free offers and home sold in 2 days. In their place, we have selective buyers, price reductions and negotiating offers.

Sound bad? Maybe... but there are a few positives one can pull out of the current market conditions. First off, prices have yet to fall. While increasing prices have slowed significantly, we have not yet seen a reversing trend. Recent projections from the CMHC suggest that we may not. Second, with mortgage rates remaining low, mortgage lending requirements changing in October (more on this later) and rents around Vancouver rapidly increasing, the potential is there for Buyers to re-appear after the historically slow July/August season.

Most importantly, what we are seeing now is a much more balanced market that is still displaying signs of strength and is more sustainable over the long term than the chaotic markets we have experienced over the past few years.

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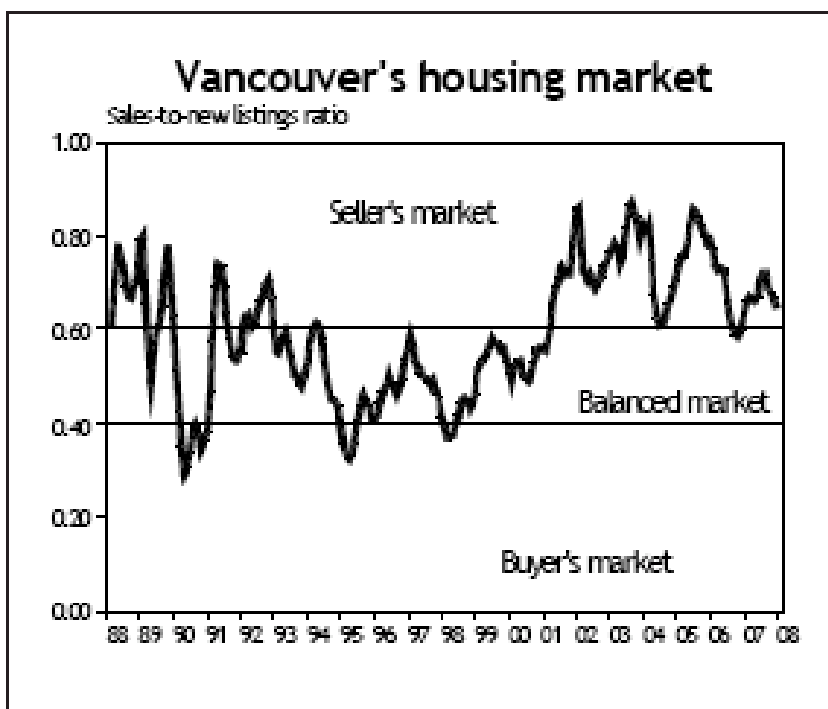
Do you have any questions that you would like answered in this space? Send us your questions via e-mail and we will post one or two, with our thoughts, in each newsletter.

Of course, we are always happy to answer your questions via phone or e-mail anytime you have them. We look forward to hearing from you!

The Movement Towards Balance

When we talked about a 'balanced' market, what are we really referring to? One of the best measures used to determine market balance is the SALES-TO-NEW LISTINGS RATIO. This ratio compares how many properties are selling with how many new listings are hitting the market at any given time.

As you can see below, we haven't seen a truly balanced market in almost 7 years, with Seller's enjoying a very favourable run since late 2001. As we pass the mid-way point of 2008, we are finally seeing the trend dip back into the balanced area. This is a welcome change overall as a balanced market is more sustainable and stable over the long-term, and helps keep local housing affordable for those who live and work in Vancouver.



In Closing

Although much of what we are reading and watching in the news tells of doom and gloom, the Vancouver housing market still has a long way to go to 'burst'. What we are seeing is a cyclical correction after a period of accelerated growth and a shift towards balance.

We remain confident that the Vancouver real estate market provides strong investment possibilities over the long-term and believe that the shift towards balance that we are seeing will be a healthy and welcome change.

Enjoy your summer and we look forward to seeing you soon!

Market Stats

We've seen quite the turnaround in the past few months. With active listings 54% higher and overall sales 42% lower in June, and following May's decline, this represents the sharpest contraction in sales and the fastest increase in listings in what are typically the busiest months of the year.

Active apartment listings are up 59% from 3,364 to 5,541. Used apartment listings are up 64%. Resale detached home listings climbed 54% from 4,856 to 7,484! Sales of new detached homes - while higher in price - dropped by 55% and new condo sales decreased 62% this June.

Prices are higher still than last June, but clearly increases have slowed. With sharp declines in sales and the steep increase in active listings it is possible that lower prices will follow.

Mortgage Update

The Government of Canada will be making the following adjustments to the rules for government guaranteed mortgages as of October 15:

- Fixing the maximum amortization period for new government-backed mortgages to 35 years;
- Requiring a minimum down payment of five per cent for new government-backed mortgages;
- Establishing a consistent minimum credit score requirement; and
- Introducing new loan documentation standards.

This is aimed at reducing the risk of a U.S.-style housing bubble developing in Canada.