

# Low interest rates fuel Metro Vancouver home sales in November

BY DERRICK PENNER, VANCOUVER SUN DECEMBER 2, 2009



'We are experiencing a brisker than normal market for this time of year,' says Scott Russell, president of the Real Estate Board of Greater Vancouver.

**Photograph by:** CNS files, .

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Continuing low mortgage rates led to an unseasonably high number of home purchases across the region in November, pushing prices close to their previous peak, Lower Mainland real estate boards reported Wednesday.

For the area of Metro Vancouver covered by the Real Estate Board of Greater Vancouver, that meant 3,083 sales through the Multiple Listing Service in November, making it the third busiest November ever.

The benchmark price, the average for typical properties sold, hit \$557,384 across all property types.

That represents a 12.4-per- cent increase from the same month a year ago and puts the benchmark price within 1.9 per cent of peak values in May of 2008.

A year ago, the board saw just 874 sales in November.

In the Fraser Valley, realtors recorded 1,522 sales through the Multiple Listing Service in November, making it the second busiest November in the last 10 years. The benchmark price for detached homes, the average price for the typical home sold in November, rose 6.5 per cent from the same month a year ago to \$497,697.

In November of 2008, by contrast, the Fraser Valley saw just 507 MLS sales.

“Still, the ultimate reason that we’re seeing strong sales is interest rates,” Ron Antalek, a realtor with Re/Max Ridge Meadows Realty in Maple Ridge said in an interview.

Low mortgage rates make it attractive for first-time buyers to get into the market, and the move-up buyers see now as an opportune time to buy larger homes without adding to their monthly mortgage payments.

“The cost to move up right now is the most affordable it has ever been,” Antalek said.

A shrinking inventory has also played a role in boosting prices, Robyn Adamache, a market analyst with Canada Mortgage and Housing, said in an interview.

“It’s been a pretty consistent trend, both in active listings and new listings, that have been steadily declining since spring,” Adamache said.

And she doesn’t expect inventories to rise much until mid-2010, if prices continue to rise.

Adamache said the price gains have not been shared equally across the region. She said dramatic gains, such as the 40-per-cent year-over-year increase in the benchmark detached home price on Vancouver’s west side to \$1.4 million, skew the picture compared with Maple Ridge, where the year-over-year price increase on detached homes is only 3.3 per cent to \$430,384.

Antalek noted that urban markets have seen more significant price increases than suburban markets further into the Fraser Valley, but “all areas have rebounded from May 2009.”

However, Tsur Somerville, a real estate expert in the Sauder School of Business at the University of B.C., said the number of sales in November, compared with previous months, appears to be waning.

“The sales numbers show signs of easing, relative to September and October,” Somerville, director of the Sauder school’s centre for urban economics and real estate, said.

“[However,] if prices continue to rise at this rate, that would be cause for lots of concern about over-inflation.”

Somerville said current low rates reduce mortgage carrying costs, “and certainly people in this market price [real estate] based on carrying costs.”

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