

LOW INVENTORY MARKS CONDO OUTLOOK **2012**

A relatively small inventory of new and unsold inventory, steady demand and record low mortgage rates indicate that Metro Vancouver's new condominium and townhome market will remain strong through 2012.

That is the conclusion of a Vancouver Housing Outlook Conference held last month, where federal government housing analysts and local real estate professionals presented their forecasts.

Canada Mortgage and Housing Corp. (CMHC) senior analyst Robyn Adamache sketched a scenario of stability in the Vancouver housing market for next year. The CMHC forecast is for Metro Vancouver resales to rise 9 per cent and the average overall home price to increase 2.2 per cent from 2011 to \$805,000. The average new detached house price in the is expected to crack above \$1.1 million in 2012, CMHC says,

The overall inventory of new and unsold condos in Metro

Vancouver is falling, according to CMHC, with about 1,300 in the current market.

This represents only about 6.5 months of supply, according to Mark Belling of Fifth Avenue Marketing, the keynote speaker at the Housing Outlook conference.

Belling noted that just three new condo projects - one in downtown Vancouver, one in North Vancouver and one in South Surrey - represent one-third of the entire inventory of new condos. He said there are now 279 new strata projects currently selling in the market, which "is good news for buyers."

CMHC forecasts that 14,500 strata units will be started next year in Metro Vancouver, with a further 400 breaking ground in the Abbotsford area.

Belling divided the new condo market into three tiers: the top tier of high-end product from well known, fully-staffed developers; a second tier of new homes from developers with contracted consultants and advisors; and a third - and growing - tier of inexperienced developers. It is the third tier, he suggests, which may face challenges next year in

a competitive new home market.

"The consumers is more demanding, highly educated, and will not easily tolerate much less than near flawless presentation and demonstrated compelling value," Belling said.

Today's new home market is exceptionally strong, Belling added. In the third quarter of this year, sales increased "a staggering" 40 per cent for all new housing, to 2,315 transactions.

Condominiums and townhouses will dominate 2012 starts, accounting for 14,500 of the total housing 18,000 starts next year, according to official forecasts.

