



MLS® Home Price Index launches in major Canadian markets

People from across the Lower Mainland, and in major markets across the country, now have an enhanced statistical measure to help them understand home price trends in the country's largest markets.

Launched earlier this month, the MLS® Home Price Index (MLS® HPI) is the best and purest way of determining price trends in the housing market. The MLS HPI was pioneered by six founding partners: the real estate boards of Calgary, Fraser Valley, Greater Montreal, Greater Vancouver, and Toronto and the Canadian Real Estate Association.

The partners contracted with Altus Group to develop this new tool which measures home price trends in the five major markets serviced by those boards.

"The MLS HPI is a tool provided by the country's Realtor community that ensures the public has the most reliable and comprehensive home price information when assessing their home buying or selling needs," Rosario Setticasì, president of the Real Estate Board of Greater Vancouver (REBGV) said.

The new index replaces the MLSLink Housing Price Index, which had been used by Greater Vancouver and Fraser Valley Realtors since the mid 1990s.

How the MLS HPI works

The MLS HPI is based on data from the Multiple Listing Service® (MLS®), which is widely recognized as a comprehensive and accurate source of real estate data in Canada.

It is calculated using a sophisticated statistical model that generates benchmark home prices based on both quantitative (e.g. the number of rooms it has) and qualitative (e.g. whether it has a finished basement) features.

Based on these estimates, the MLS HPI can be used to calculate the price for benchmark homes, whose features are typical of homes sold in a given area.

The tool is modeled after the Consumer Price Index, which measures the rate of inflation for a basket of goods and services that Canadians buy most such as food, clothing, transportation, etc.

Instead of measuring goods and services, the MLS HPI measures the change in price for a basket of housing features such as lot size, number of rooms, age of the home, the neighbourhood etc. These features become the composite of the 'typical house' in a given community and are tracked over time.

For example, perhaps the basket of features for a typical home in a community includes a 10-year-old, three-bedroom house on a 7,200 square-foot lot, with eight rooms, two bathrooms, a fireplace and a one-car garage. The MLS HPI creates a benchmark price for the typical home by calculating the

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PRESIDENT OF THE REAL ESTATE BOARD OF GREATER VANCOUVER

contribution that each of these features makes to the price paid.

The composition—the types of homes by age, area and home type—of homes sold changes over time. *The HPI solves this problem by pricing a constant quality and typical property over time and determines a benchmark price for properties across a given region. Changes over time are therefore not due to changes in the quantity or quality of the property. Thus, the MLS HPI measures typical, pure price inflation or deflation.*

Why not averages?

An average home price is obtained by dividing the total dollar volume of sales by the number of sales. Averages can be misleading since the quantity and quality of the properties sold in any given area change over time for any number of reasons.

Home price averages may overestimate the market price of homes in regions, like Greater Vancouver, where high-end luxury properties are sold.

Average prices can be skewed when aberrations occur in a market, for example, a short-term rise in the sale of more modestly priced homes could lead to price declines more dramatic than what is actually happening in a given region.

It is often difficult to determine if average or median price fluctuations really reflect changes in buyers' willingness to pay for certain housing attributes, or just changes in the volume of very expensive or inexpensive home sales from one time period to the next. The MLS HPI removes that uncertainty.

What's a typical home worth in Greater Vancouver and the Lower Mainland?

The MLS HPI benchmark price for all residential properties in Greater Vancouver currently sits at \$660,600. This figure has risen 5.7 per cent over the

last 12 months, but has declined 1.1 per cent in the last six months.

The MLS HPI also tracks home prices across the Lower Mainland, which is a combined total for the Greater Vancouver and Fraser Valley real estate board areas. The current benchmark price for all residential properties in the Lower Mainland is \$593,300, which is an increase of 5 per cent compared to January 2011 and a decline of 1 per cent compared to six months ago.

How to find MLS HPI information?

Each month the Real Estate Board of Greater Vancouver publishes a statistics package on its website, www.rebgv.org, which includes detailed MLS HPI information. To view MLS HPI prices and trends in your community go to the 'News and Statistics' section of the website.

People looking to use the MLS HPI to compare home price trends between Canada's largest cities can go to www.homepriceindex.ca.



January 2012 Benchmark Prices

Detached properties	MLS® HPI Benchmark Price	1 Month Change %	6 Month Change %	1 Year Change %	5 Year Change %
Lower Mainland	\$848,800	-0.1%	-0.2%	+9.2%	+25.7%
Greater Vancouver	\$1,034,700	0.1%	-0.3%	+11.3%	+36.2%

Townhomes	MLS® HPI Benchmark Price	1 Month Change %	6 Month Change %	1 Year Change %	5 Year Change %
Lower Mainland	\$407,300	-0.9%	-1.9%	+0.2%	+10.5%
Greater Vancouver	\$468,000	-0.7%	-2.1%	-0.5%	+15.3%

Apartments	MLS® HPI Benchmark Price	1 Month Change %	6 Month Change %	1 Year Change %	5 Year Change %
Lower Mainland	\$344,200	+0.3%	-1.4%	+2.1%	+10.1%
Greater Vancouver	\$371,500	+0.3%	-1.3%	+2.4%	+12.6%

Congratulations 2011 Greater Vancouver Medallion Club qualifiers



Pictured are Realtors who became Life Members of the Medallion Club in 2011.

For 47 years, the Real Estate Board of Greater Vancouver (REBGV) has celebrated the distinguished achievement of its top-producing members on the Multiple Listing Service (MLS®) with the Medallion and President's Club Awards.

The 2011 Medallion Club qualifiers are selected from the top 10 per cent of the nearly 11,000 Greater Vancouver Realtors participating on the MLS®. The President's Club qualifiers are selected from the top one per cent of 2011's top-producers. The Realtors within the pages of this special Medallion Club supplement

are all distinguished members of the 2011 Medallion Club.

The REBGV is also proud to recognize the Life Members of the Medallion Club. These Realtors have successfully achieved Medallion Club status for 20 years. The Realtors pictured above attained Life Member status for the first time in 2011. We salute their long-time success and remarkable achievements within the real estate profession. We additionally salute this year's Medallion Club Rookie of the Year winner, Juliana Vallée with RE/MAX All Points Realty.

2011 Medallion Club Rookie of the Year, Juliana Vallée