

BUY FIX FLIP IT, COULD BE SMART STRATEGY

Buying a home, fixing it up and selling it has traditionally been a smart strategy in the Lower Mainland housing market.

Real estate flippers have virtually disappeared in the Lower Mainland housing market, but they may have left the market too early, experts say.

REW.ca and Landcor Data Corp. recently completed a survey to judge the extent of speculation in today's housing market. They tracked eight years of data on houses, townhouses and condos that were bought and sold within short periods of time: under 6 months, 6 months to 1 year, 1 year to 18 months, and 18 months to 2 years.

Their findings:

- Flippers never returned to the market in numbers after the 2008-09 recession.
- Six-month flips have practically disappeared this year.
- However, except for the bottom of the market in 2009 – and so far this year – it has been profitable to flip in the Metro Vancouver market since 2004.

And, notes the BC Real Estate Association

(BCREA) a turnaround in housing sales next year could trigger speculators back into action.

There is that those purchasing in a buyers' market can reap huge rewards. For example, Landcor Data showed that those who bought in Metro Vancouver during the 2009 downturn and sold within 18 months achieved an average return of 20 per cent. That is \$100,000 in profit on a house bought for \$500,000 for example.

There are still opportunities for flippers, like all types of investors, in Metro Vancouver housing, notes real estate consultant Ozzie Jurock.

"When the market is down, like now, is the time to be buying," Jurock said. "Except for the trough in 2008-09, flipper yields have consistently been over 10 per cent— in many cases, spectacularly so. Compare that to a stagnant stock market and low bond rates, and flipping

appears to be a great investment."

Cameron Muir, chief economist with the BCREA said he is confused by the "bubble hyperbole" in much of the media. "There are minimal risks ahead," he said.

Muir noted that BC is drawing in 40,000 immigrants a year (90 per cent of who settle in Metro Vancouver); is experiencing a near nation-leading increase in consumer retail spending; has seen a 4 per cent increase in full time employment from a year ago; and has the lowest mortgage interest rates in 25 years, which Muir expects to continue for "many quarters."

"I just don't see any reasons to fear a long term downturn in BC's residential market," he said.

