

"Condopocalypse" now forecast for Vancouver

Noted Vancouver housing analyst **Frank Schliewinsky** is predicting a near collapse in MLS condominium sales across most of Metro Vancouver this year, with sales falling by as much as 50 per cent from a depressed 2012.

"The Mayans were right, at least as far as the Vancouver condo market goes," Schliewinsky, founder of **Strategics**, states in his latest *Vancouver Condo Report*. "Condopocalypse in 2013. MLS sales of apartment and townhouse condos could be down to 8,000 units in 2013."

If true, this would be a near-50 per cent drop in condominium and townhouse sales across the region compared with a year ago.

In the highrise market, Schliewinsky forecasts sales could fall to just 2,650 units this year, down from 3,200 in 2012. He predicts highrise condo prices will fall a further 7 per cent in 2013 following a 3 per cent drop in 2012: "The overall price trend is now negative."

The low-rise condo sector, which makes up the bulk of the resale market, will not perform any better, he warns.

"Twelve months ago the forecast was for 4,400 MLS low-rise sales in 2012," said Schliewinsky. "The actual number of sales is expected to be closer to 3,900 units and the next 12 months will likely see even fewer low-rise sales. Overall MLS low-rise sales ... could be down to 2,900 units if the present downward trend persists. That would mean a 27 per cent drop from 2012 sales.

"Eventually the market will hit bottom and right now it's not clear where the bottom is. Further price drops will play a big role in slowing the downward sales trend. The average MLS price per low-rise unit in 2012 was \$326,000; a 1 per cent decline from 2011. The average price per square foot was \$368; down 2 per cent from 2011. So far, price reductions for low-rise condos haven't been enough to stimulate demand and unless there's a major shift over the next 12 months, another 3 per cent drop isn't going to do much either."

Vancouver realtors agree. They are seeing downward pressure on condominium prices, with luxury unit prices down 20 per cent from 2012 and lower-priced units down 10 per cent to 15 per cent.

Agents say a tightening of mortgage regulations for high-ratio loan insurance has affected sales of lower- and mid-price condominiums. Under the new rules a typical couple earning \$100,000 a year would qualify for \$450,000 in financing, compared with a \$600,000 mortgage when longer amortizations and easier qualifications were allowed, one realtor estimated.



Highrise condo sales prices seen cooling this year.

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