

# Glen Foreman

Trusted and Experienced

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## Glen's Real Estate Insight

January 2011

### Friends & Neighbours ...

Welcome to 2011, I'm predicting a very good year!

Both the general economy and the real estate market are forecast to be quite good for us this year, particularly in the Lower Mainland. Thankfully, last year gave us more stable real estate prices than the roller coaster of the previous years.

Vancouver's West Side has done particularly well, with detached home prices up over 70% in the past 5 years (8.8% in 2010 alone), compared to the regional average of a 40.6% increase.



And Richmond home prices have performed even better, with a 75.5% increase in 5 years, and a whopping 18.3% in 2010 (all figures compare end of December Benchmark prices of a "typical" detached home for the area, from the real Estate Board of Greater Vancouver).

In spite of the optimism for 2011, some forecasters are already waving warning flags for 2012 – so if you are considering making a move this could be the best year for it, with a stable market and favourable conditions.

I wish you the very best for this and every year.

*Glen*

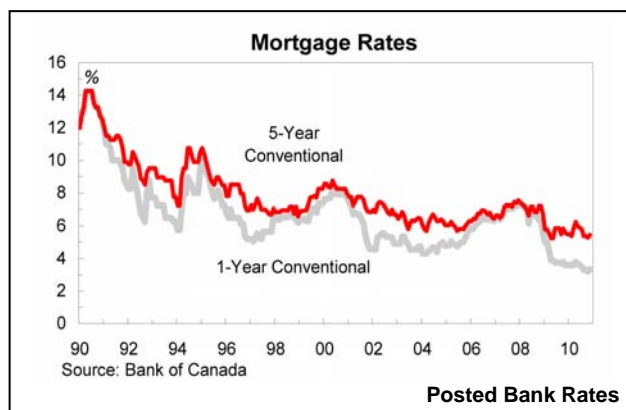
### Mortgage Rates

Mortgage rates continue to be the single biggest factor in the affordability of homes.

Short term loan rates are driven by the Bank of Canada's view of the strength of the economy and the likelihood of inflation; longer term mortgage rates depend on the bond market, which is driven by the overall supply and demand of money available to lend, and investors' view of risk.

Broker rates today for 5 year term mortgages are at 3.69%; 1 year at 2.54% (although you will probably have to qualify at the 5-year rate).

Current forecasts call for continued low mortgage rates through the first half of 2011, certainly rising in 2012 – but of course no one knows exactly when or by how much.



Providing Outstanding Client Services

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## 2010 Real Estate Trends

Both the number of sales and the Benchmark prices peaked in April 2010.

Overall, prices remained very stable through the year, while unit sales showed a strong seasonal cycle.

Source: Real Estate Board of Greater Vancouver  
Benchmark Prices of a "typical" property

## Economic Outlook

*"If you laid all the world's economists end-to-end, they'd still point in all directions..."*

Here are their best guesses for 2011:

- Unemployment in Vancouver will improve from its current 7.5% rate to about 7.1% this year.
- At the same time, average weekly wages in BC will continue to increase faster than the national average.
- And the Metro Vancouver economy is expected to grow at a pace slightly above the provincial economy, due to local diversification.
- Most economists predict interest rates will remain low and stable well into 2011.

For the longer term, Scotia Economics Group forecasts *"the bigger risk likely awaits 2012, when more significant interest rate increases, combined with record high home prices, will notably strain affordability."*

Sources: Scotia Economics, CMHC

## Comparative Home Prices

Detached Home Sales, end December Benchmark Price



Source: Real Estate Board of Greater Vancouver  
Benchmark Prices: Estimated sale prices of a "typical" property.

## Glen's Winter Wine Pick



**San Pedro 35 South**  
Chilean Shiraz

*"a soft palate and dry, savoury flavours – perfect for year-'round BBQs, and good value too"*

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