

Glen Foreman

Trusted and Experienced

778.840.3380

glenforeman@remax.net



Glen's Real Estate Insight

May 2011

Friends & Neighbours ...

As spring is emerging, the economy is stabilizing, the provincial and federal political situations are clarifying and our housing market is growing.

We've seen a particularly strong early spring market this year across the region, driven partly by an influx of offshore buyers and partly by a slight tightening of mortgage credit rules.

The "regular" influences are also playing a positive role: our economy is growing, population is growing, and employment is increasing.

My associates and I at RE/MAX Westcoast have sold over 750 homes just like yours in the past six months.

Mortgage rates continue to be a huge influence on the housing market, and rates continue to be very attractive, although forecast to rise slowly over at least the next couple of years.

The market is quite strong and active, so it may be a good time to sell if you are thinking of a move. And because mortgage money is going to get more expensive, it might also be a very good time to buy.

Give me a call to discuss your best move.

And remember, RE/MAX REALTORS® get results!

Glen

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Did You Know?



In the Real Estate Board of Greater Vancouver, RE/MAX sales associates account for 23.8% of all MLS® sales with only 14.1% of the agents.

In Richmond, RE/MAX Westcoast is even more productive – with 21.2% of the sales and only 9.2% of the REALTORS®.

When it's time for you to make a move hire the winning team and get the results you deserve!

When it's time for a move, please call me.



Source: jim-lee-reports.bc.ca

Greater Vancouver MLS® Sales

	Avg. Price	Units
2006	\$509,876	36,479
2007	\$570,795	38,978
2008	\$593,767	25,149
2009	\$592,441	36,257
2010	\$675,853	31,144
2011 ytd	\$792,384	40,216*

*Year to Date to Apr. 15: seasonally adjusted, annualized

Source: Scotia Economics

Providing Outstanding Client Services

www.glenforeman.com



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Economic Forecast – Positive

- Canada's economy showed solid momentum in early 2011, building on a strong finish to 2010.
- The Bank of Canada is not expected to raise its trend-setting overnight rate until July 19th (affects floating-rate mortgages and lines-of-credit).
- Bond rates are expected to steadily climb, causing posted mortgage rates to rise to about 7% by the end of 2012 for a 5-year fixed term mortgage (up from 5.69% now).
- Canadian GDP (Gross Domestic Product) is forecast to grow by about 3.1% annually in 2011 and 2012, the same as it did in 2010.
- BC GDP is expected to grow by 2.9% this year and 3.2% in 2012.
- Inflation is increasing slightly, forecast at 2.4% this year (federal) and 2.1% in 2012, up from only 1.7% in 2010.
- Employment will grow in BC this year (1.5%) and next (2.4%).



Source: RBC Economics Research

Richmond Report

In Richmond, home prices in all categories – detached, attached and apartments – have enjoyed the largest one-year increase in the region.

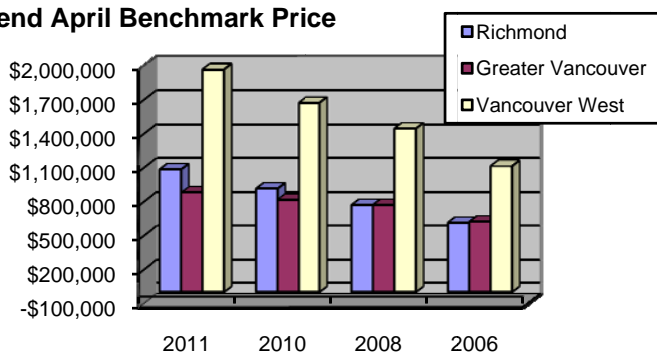
Sales volume in April was lower than in March, but it's too early to know if that is the start of a trend or just a "blip" due to the election and hockey fever.

The number of new listings in April was also down, most noticeably in detached houses; that should help keep prices steady and demand balanced.

Statistics Source: Real Estate Board of Greater Vancouver

Comparative Home Prices

Detached Home Sales, end April Benchmark Price



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

Mortgage Rate Elasticity

If mortgage rates rise as forecast, what effect will it have on housing prices?



Here are two ways to look at it. Both examples consider a "typical" house price of \$900,000, purchased with 50% down, and financed with a 5-year closed mortgage at posted bank rates, amortized for 30 years:

1. Change in payments (for same value house):

Today's posted rate of 5.69%:

Payment: **\$2590**

Forecast Dec 2012 rate of 7.0%:

Payment: **\$2964**

2. Change in value of house (for same payment)

At 5.69%, \$2590 a month and \$450,000 down buys a house at: **\$900,000**

At 7.0%, \$2590 a month with \$450,000 down buys a home at: **\$845,000**

If you want more information on mortgage trends, I can suggest a great mortgage broker.

Click to www.glenforeman.com for lots of useful information.

RE/MAX – Outstanding Agents – Outstanding Results



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