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Market Update

House prices forecast to fall in 2011

New figures show the real estate market is cooling off across Canada, including the Okanagan with home sales down more than 30 per cent from that very high [winter] level. Prices have basically leveled at this point with disincentives to buyers including higher interest rates, tighter credit and high housing prices leading to the prediction that the number of sales in B.C. will drop by about 22,000 to about 80,000 according to the Canadian Real Estate Association which forecast Wednesday that home prices will fall in 2010/2011. A slowdown in Ontario and British Columbia, the two largest housing markets in the country, will drag the national average down. "Canada is widely believed to be entering a typical demand-driven downturn due to recent price increases and rising interest rates," CREA chief economist Gregory Klump said, causing forecast sales activity to slow. CREA now forecasts that 490,600 homes will be sold on its Multiple Listings Service this year, much lower than the original forecasting for 2010. In 2011, an 8.5 per cent drop to 448,700 is expected. New mortgage rules unveiled by Finance Minister Jim Flaherty in April aimed at curbing speculation are expected to "marginally impact" activity, the agency said. Although mortgage rates are expected to rise further, a slow and measured pace expected during a new era of government spending restraint should keep home lending within reach for many homebuyers." CREA president Georges Pahud said. National averages from our first quarter report are not particularly useful in painting a picture of the country's neighbourhood real estate stories. House sale data from the past two year period shows tremendous variances in terms of how different cities reacted to the recession. In Vancouver and Toronto, for instance, the dramatic unit sales fluctuations exhibit a significant degree of market irrationality: inordinately fearful when faced with poorer markets; and overly enthusiastic when the tables turned. Montreal is an example of a city where the market has been much more stable and homeowners there seem quite happy with the relatively slow pace of change. Even in our most frenzied pockets of market activity, the inevitable rise in interest rates coupled with home price appreciation will rein in demand as affordability erodes. Expect house prices to continue to rise, but the rate of appreciation should ebb steadily, month by month, throughout the remainder of the year, as balance returns to the industry.

Residential Sales by Price Year to Date

Price Range	YTD	2010	2009
0	\$200,000	5	3
\$200,001	\$240,000	7	9
\$240,001	\$280,000	19	15
\$280,001	\$320,000	30	44
\$320,001	\$360,000	87	95
\$360,001	\$400,000	126	107
\$400,001	\$440,000	132	86
\$440,001	\$480,000	106	60
\$480,001	\$520,000	89	68
\$520,001	\$560,000	73	34
\$560,001	\$600,000	42	31
\$600,001	\$999,999	115	60
\$1 Million	and over	17	3

Summary of Residential Sales Year to Date

TYPE	2010	2009
Acreage	20	7
Acreage/House	45	27
Acreage(Waterfront)	3	1
Business	9	5
Townhouse	247	164
Condo	329	243
Duplex	42	31
Farms	8	5
IC & I	59	38
IC & Land	1	0
Lots	86	21
Leases	24	24
Lot (Waterfront)	0	0
Multi-Family	1	0
Multi-Plex	3	2
Mobile Homes	94	57
Recreational	3	2
Residential	849	620
Residential Waterfront	8	6
Timeshares	0	0

A few more Real Estate Stats!

Average house price: **\$ 509,472**
 Median house price : **\$ 460,000**
 Number of houses listed last month:
528
 Number of lakeshore homes sold last month:
0
 Average mobile home price:
\$ 110,427
 Dollar value of sales in June 2010:
\$ 158,468,080
 Dollar value of sales in June 2009
\$ 157,359,232

Royal LePage:

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Thanks to your support on Saturday May 15th Royal LePage Kelowna raised over \$3,500 between the Kelowna and West Kelowna garage sale locations. Nationally over 120 Royal LePage offices hosted record breaking garage sales in support of the Royal LePage Shelter Foundation, raising more than \$300,000 to end violence against women and children in communities across Canada. In 2009, the National Garage Sale For Shelter raised \$120,000.

Helping you is what we do!

HOW YOU FIND A GREAT REAL ESTATE AGENT:

This newsletter is not intended to solicit properties that are currently listed for sale, or to induce the breach of any contract.

Should you not want this publication please call me at 1-800-421-3214

ACTIVE LISTINGS

Res.	Mobiles	Strata	Lots
1831	217	1195	667