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March 2009

Market Update | SUMMARY OF RESIDENTIAL SALES | SALES BY TYPE Year to Date

Demand for new homes has cooled off as economies in Kelowna experience slower growth. Rising inventories of complete and unsold units and strong price competition from a well supplied existing home market have, in turn, led to fewer housing starts. Looking ahead, expect Kelowna new home construction to moderate from the exceptionally high levels of activity seen during the past several years.

A well supplied resale market means there will be less spill-over in homeownership demand to new home construction. Existing home listings have moved off their recent peak, but remain elevated, while resales are beginning to gain.

The outlook for renovations on 2009 is mixed. The industry has been growing rapidly in recent years, with inflation-adjusted outlays rising an average of 1/2% annually this decade, three times faster than overall GDP growth. Spending slowed progressively through 2008, but outlays are still estimated to have increased about 4%.

Ottawa's recently announced renovation tax credit has the potential to provide a significant boost to the industry in 2009. The measure provides a 15% refundable tax credit on eligible expenditures between \$1,000 and \$10,000, completed prior to February 2010. Many homeowners will undoubtedly take advantage of this year's price discount. At the least, some planned projects will be brought forward, and some underground spending pulled up.

But the initiative's overall effectiveness in filling the construction gap may be limited. The main factors behind the boom in renovations in recent years — record existing home sales, rising home prices and equity, high new home prices, record homeownership rates, an aged housing stock, and strong job and income growth — are no longer supportive.

ACTIVE LISTINGS table with 4 columns: Res., Mobiles, Strata, Lots and 4 rows of data.

SUMMARY OF RESIDENTIAL SALES table with columns: Price Range, 2009, 2008 and rows for various price brackets.

A FEW MORE REAL ESTATE STATS! table with rows for Average house price, Median house price, Number of houses listed last, Number of lakeshore homes sold last month, Average mobile home price, Dollar value of sales in Feb 2009, Dollar value of sales in Feb 2008.

SALES BY TYPE Year to Date table with columns: 2009, 2008 and rows for various property types like Acreage, Condo, Duplex, etc.

MORE ON RENOVATIONS
Renovation expenditures are typically highly cyclical. Job worries and a tendency for households to boost savings in today's uncertain economic and financial climate will likely trump the desire to undertake a significant new home renovation. By and large, expect renovation spending in 2009 to focus on more practical projects, including efficiency upgrades and preparations for selling over purely aesthetic improvements that prove more popular when home prices are rising. Regionally, centres with relatively stronger sales and price gains in 2008, should see relatively stronger renovation spending.

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