

For Immediate Release

Persistent Cooling Trend For Okanagan Housing Market

KELOWNA, B.C. – September 5, 2018. A cooling trend in home sales continues across the region of Revelstoke to Peachland, with 709 sales posted to the Multiple Listing Service (MLS®) in August, a 5% drop from the previous month, yet 20% fewer sales than this time last year reports the Okanagan Mainline Real Estate Board (OMREB).

“We are now six months into a cooling trend, with a curb in demand arising from natural market shifts, but intensified by government intervention in the form of tougher mortgage rules, higher interest rates and the threat of a possible speculation tax,” says OMREB President Marv Beer.

Of note is an increase in average days on market, now at 78, up from 65 days the previous month and 69 last August. “While we are not seeing it as yet, downward pressure on price typically tends to occur when days on market lengthen,” says Beer, noting that average price in August was \$511,916, an 8% drop from the previous month, but 5% higher than this time last year.

Moderating demand is helping ease a chronic shortage of housing supply, with active listings contributing to an inventory of available homes that is now 27% over this time last year. A pullback in demand coupled with an increase in the number of homes for sale is moving the region’s housing market towards balanced conditions, which typically means more selection for those in the market to buy, less likelihood of competing offers and, if it continues, downward pricing adjustments.

“Unfortunately, government intervention has also had the effect of making homes less affordable, as the new mortgage rules and higher interest rates mean that the buyer’s dollar doesn’t go as far as it used to,” comments Beer, noting that the effect is heightened in certain parts of the region where housing affordability was already challenged.

Keeping in mind the millennial generation, a group that comprises many of today’s first-home buyers, Beer suggests that housing affordability could be better resolved through measures that help deliver the type of housing that buyers want and need to market more quickly and efficiently rather than penalizing those hoping to buy.

Pointing to a provincial forecast by the British Columbia Real Estate Association that projects a 21% decline in residential sales this year, Beer suggests that further checks on demand may not be required. “Clearly, this is not the environment to introduce a so-called speculation tax that would have minimal effect on actual real estate speculators and, instead, punish long-time homeowners who are primarily BC residents,” contends Beer, noting that such a tax could have wide-spread unintended consequences. With the government vote on the speculation tax pending this fall, members of the public are urged to register concerns about the proposed tax with government at www.scrapthespeculationtax.ca.

OMREB serves three diverse markets within the region: the Central Okanagan Zone (Peachland to Lake Country), the North Zone (Predator Ridge to Enderby) and the Shuswap- Revelstoke Zone (Salmon Arm to Revelstoke). For detailed statistics, by zone, visit www.omreb.com.

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OMREB is a member-governed not-for-profit association representing more than 1300 REALTORS® and 89 real estate offices within the southern interior region of British Columbia (Peachland to Revelstoke). The Board is dedicated to providing leadership and support to its members in their pursuit of professional excellence.

DISCLAIMER: Monthly Sales statistics are based on the sales reported by real estate offices on or before the last day of the month. Sales not reported by month end and collapsed sales are reflected in the subsequent month's statistics.

All OMREB listings are published in the MLS® Real Estate Review and MLS® Commercial Review magazines available at all real estate offices and various locations in the Central Okanagan, North Okanagan, the Shuswap and Revelstoke areas. For comprehensive Board-wide statistical information, please visit our local public site: www.omreb.com