

# Bob Bracken



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## NEWSLETTER



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## Real Estate Investment Think Bob Bracken



### Market Outlook Winter 2018

By Bob Bracken

**The Vancouver Real Estate market - especially for Detached Homes - has gone through a bit of a roller coaster ride from Winter/Spring 2016 through to now - Winter/Spring 2018.**

2016 1st half saw a very robust, hot market which was chilled by the BC Government introduction of the 15% Non Resident Tax. This caused the 2nd half 2016 into early 2017 to experience a significant increase in listing counts, accompanied by a drop in sales and market values. As 2017 proceeded through the Spring, however, sales and values picked up, and by Summer's end they had regained, even surpassed, the 2016 value drop. As fall 2017 proceeded to Year end, however, we again saw sales numbers and market activity subside, possibly due to concerns over the newly elected NDP/Green government, and certainly in anticipation of the negative effect of the Federal Government's new, restrictive mortgage lending rules. See article (New Mortgage Lending Rules page 2). This new lending policy came into effect on January

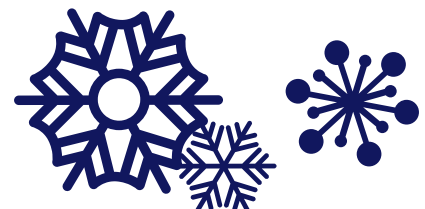
1, 2018, and January sales reports from BCREA show a 10% decline in sales numbers compared to those of December 2017.

This is not surprising as the new lending rules reduce the amount of mortgage funds available to buyers by about 15% compared to the "pre-rule" funding levels. Given that conventional mortgage funding typically represents 65% to 80% of the purchase price of a property, this means that there could be a downward pressure of between 10% - 12% on recent prices simply due to the Buyers' ability to pay. If nothing else, the rules will certainly influence - and probably already have influenced - the perception of market price levels.

More ominously, this new policy is the leading example of a political climate - at the National, Provincial and Municipal/City level - which is proving hostile to real estate purchases - both for home ownership as well as for investment purchases.

These are some of the challenges the

Vancouver Real Estate market faces going forward. On the other hand, **there remains a strong demand for Vancouver real estate and home ownership generally.** In the past this is a force which has found ways to adjust to, and move past market changes and challenges and it will likely do so again. **Our general economy remains strong, and we are going into the traditional Spring Market period in Vancouver, and sales have typically strengthened and advanced during this period through almost every market period over the past 30 odd years. I expect that buyers and sellers will find their way, now as before, to do deals which satisfy their own interests and desires. We Realtors are here to help that happen.**



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