

Patricia Houlihan

Personal Real Estate Corporation

Phone: 604-376-7653
Email: phoulihan@vancouverviews.ca
www.vancouverviews.ca www.deepcovehomes.ca

COLDWELL BANKER

The Real Estate Clock: What time is it in our Market?

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It's time to Buckle Up for 2025!

by Patricia Houlihan

It was a very slow 2024-with lots of listings (and work!) but very few sales. For 2025, we are hoping that the many factors influencing the market will result in buyers taking advantage of the new opportunities AND sellers being able to actually sell their homes!

There are a lot of new market influences at play for 2025, many of which I provided detail on last month. For more information, click here to see the summary in last month's newsletter. Two of the key measures noted below came into effect mid December but already seem to be making a difference in activity.

For 2025 some key factors affecting the market and affordability include:

- two recent interest rate drops, coupled with 3 earlier rate drops, brought the key rate down by 1.75% in 2024. There is also another rate announcement coming up....
- 30 year amortization periods (came into force December 15, 2024)
- ability of buyers to change lenders without the stress test being reapplied
- mortgage insurance available for up to $1.5 million (previously $1 million), allowing for lower down payments (came into force December 15, 2024)

These factors, and the others summarized last month, all have the potential to improve the market and bring us back closer to normal activity. The rapid increase in interest rates, which began in March 2022, put a deep chill on our market last year and made purchasing even more difficult for many buyers. Given the very high prices in our region, we were particularly hard hit. By the end of 2024, we had seen some improvement in sales activity BUT we were still almost 21% below the 10 year average for the number of sales for the year. Prices showed slight increases on paper; however, given how many homes failed to sell, we don't really know where prices would have had to have been for more sales to occur.

When looking at 2024 overall:

- Sales were UP 1.2 % in 2024 when compared to 2023
- Sales were 9.2% lower than in 2022 (despite the drop in sales as rates shot up starting in March 2022)
- Sales were still 20.9% below the 10 year average in 2024
- The number of homes for sale (not sold!) in 2024 was 18.7% higher than in 2023

Insights into Greater Vancouver Real Estate Market Monthly Report

If we look at the December numbers, last month in Greater Vancouver we saw:

- sales of all types of properties were UP 31.2% from December 2023.
- sales were 14.9% BELOW the 10-year seasonal average.
- the number of homes listed for sale last month was 13,245 which is UP 21.2% when compared with December 2023. This is 26.1% higher than the 10 year average.
- the number of homes newly listed for sale was 26.3% ABOVE December 2023 and 1.1% BELOW the 10-year average.
- detached home sales were UP 31.4% from December 2023.
- the benchmark price for detached homes was UP 2% when compared to December 2023; prices were almost unchanged when compared to a month earlier, November 2024. This number is a bit misleading as there are variations based on area, property type and price bracket.
- the sales to listing ratio (the percentage of homes listed that are selling) overall for all types of homes was 16.8%; for detached homes the ratio is 12.1%. Prices trend downward when the ratio is around 12%

Click HERE for Stats Package provided by the Real Estate Board

What does this all mean?

The market has shifted strongly in favour of buyers over the past year. However, since October 2024 we have seen a notable swing towards sellers, and this trend continued in December to end the year out on a high note, driven by a substantial increase in sales. While sales volumes are still much lower than we would like to see, I think the fall 2024 trend will continue as we move into 2025.

IF sales improve, it will be great for sellers BUT I am a bit concerned about the buyers who did not take advantage of the somewhat rare buyers' market we saw in 2024. I hope more of them will get into a home (or move up in the market) while it is still possible to do so, without waiting and then experiencing the more typical, seller favourable, frenzied market conditions.

SO WHAT SHOULD YOU DO?

A lot of our clients take this time to plan or revise their financial goals and the action steps to get there. Obviously real estate is a key component of many people's future well being. If you're curious about the impact of recent legal/policy changes, wondering about your home's value, or planning for the future, I'm here to help. Feel free to reach out to me for personalized home valuations, customized advice on value-add improvements, or insights into the local real estate market. I'm always happy to chat with you, your friends, or family about the real estate market and how it may affect you.

Tired of managing your rental property? We provide property management services.
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