

July 26, 2021, Peachland Market Update

We are in the height of summer, with fully booked hotels, motels, BnB's & other vacation rentals that are now fetching premium prices for nightly rates. Anyone for \$450/night for a 3-star motel?! This past Saturday in Kelowna there were lineups for most downtown restaurants that went well past 8 pm. So many across BC and Alberta have been waiting for a holiday and time with loved ones this summer after travel restrictions relaxed. And in our area, we have smoke from wildfires during a hot dry summer. Beaches and cafés are packed. What about real estate activity?



COLDWELL BANKER
HORIZON REALTY

CENTRAL OKANAGAN MLS® 2021 STATISTICS

	Sales 2021	Sales 2020	Sales 2019	%Change 2021vs2020	%Change 2020vs2019	Inventory 2021	Inventory 2020	% change	Median Price 2021	Median Price 2020	Median Price 2019	% Change 2021vs2020
Residential homes												
January	190	116	80	+64%	+45%	379	743	-49%	782,000	674,000	643,000	+16%
February	288	122	118	+136%	+20%	388	800	-52%	820,000	660,000	619,000	+24%
March	413	176	136	+135%	+29%	414	903	-54%	860,000	673,000	648,000	+28%
April	398	102	191	+294%	-46%	450	941	-52%	875,000	670,000	635,000	+31%
May	335	139	240	+141%	-42%	489	1040	-53%	900,000	659,000	650,000	+37%
June	344	261	213	+32%	+23%	489	1070	-54%	882,000	685,000	644,000	+28%
July		336	230		+47%		1055			725,000	686,000	
August		317	195		+63%		961			724,000	657,000	
September		356	194		+84%		827			740,000	661,000	
October		354	165		+115%		666			751,000	640,000	
November		291	167		+74%		504			769,000	650,000	
December		193	118		+64%		410			770,000	631,000	
Year End Total	1967	2758	2045		+35%				862,000	725,000	650,000	

For the first time this year we see the median price decline slightly by 2%. June vs. May. We see the number of home sales in June increase slightly over May. But in July so far, we are counting 244 single family home sales for July. It is quieter, inventory is low, still less than half of what it was this time last year, and it feels quiet, and the market is slowing down.

Actually, over the last 10 years – what we have right now for market activity is what we would consider normal number of sales. Not the Covid induced spring craziness we just had for market activity. The home buying frenzy

Is it really slowing down? Or just taking a summer break? There are still buyers looking but very low inventory, and some new home listings are still reaching higher and higher in price. Time will tell what the fall brings after the summer holiday/wildfire season. Covid with the Delta variant remains a wild card for the fall season. Rising positive case numbers in Kelowna with a crowded tourism season are causing some restaurants to temporarily close. Masks mandate for indoors is back.

We are also seeing two other phenomena – home closings being delayed because the Buyer cannot secure fire insurance from traditional providers, pushing the closing date out via 'force

majeure' or sending Buyers scrambling to online portals like TD Insurance and Sonnet.ca for their insurance.

Secondly, move in dates for some new homes are being delayed because builders are waiting for materials to finish the home. The building industry for sure can't build homes fast enough to satisfy demand, and now material shortages are exacerbating completion dates. New construction has not been able to keep up with the demand for new homes for some time now.

New single family homes under construction increased 41% versus second quarter last year. The average time to complete a home currently stands at 10.8 months. Many projects have robust advance sales. But rapidly rising construction prices is giving buyers pause to reconsider resale homes.

FIGURE 7: Q2 2021 INVENTORY UNDER CONSTRUCTION FOR HOMEOWNERSHIP

	Single-Family	Semi-detached	Row	Apartment	All
Kelowna	567	100	323	898	1,888
Vernon	137	36	52	107	332
Penticton	51	7	33	277	368
Salmon Arm	43	0	0	0	43
Total	798	143	408	1,282	2,631
% vs Q2 2020	41%	-34%	-11%	2%	5%

Source: Canada Mortgage and Housing Corporation, Q2 2021

The strength of the market is attracting many developers to the area from both Alberta and the Lower Mainland, the phone is ringing with developers inquiring around for any suitable development property that can be subdivided and rezoned.

Summary

The market is still strong but moderating, inventory still quite low. Prices quite high. I expect the sales numbers coming out in the next few months will show a market that is moderating somewhat for sales activity and perhaps the median price easing a bit.