

An aerial photograph of a city waterfront, likely Vancouver, showing several high-rise apartment buildings in the foreground. The city extends to the water's edge, with a large body of water and mountains in the background under a blue sky with scattered clouds.

THE SARETSKY REPORT

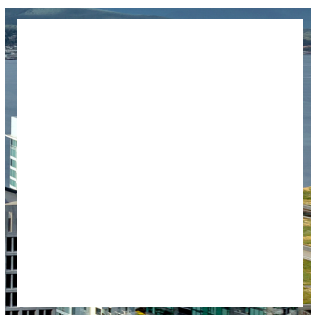
.....
JUNE 2021

SARETSKY
GROUP

CONTENTS

1. OPENING THOUGHTS	2
2. DETACHED HOUSING MARKET UPDATE	6
3. CONDO HOUSING MARKET UPDATE	10
4. TOWHOUSE HOUSING MARKET UPDATE	14
5. MORTGAGE NEWS	16
ABOUT STEVE	18

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!



OPENING THOUGHTS

The Great reopening is upon us. Similar to the stock market, you have the pandemic trade, which resulted in people wanting bigger homes away from the city, and now I think we are entering the reopening trade. Take the US, for example, which is arguably a month or two ahead of us. Most of the US is now fully open, people are emerging from their homes and eager to travel. House shopping is fading. US home Sales of existing homes in May dropped for the fourth straight month. “Sales are essentially returning towards pre-pandemic activity,” Realtors chief economist Lawrence Yun said. Mortgage applications continue to fall, now at their lowest levels since January 2020.

Americans are off to the races, getting out of the house and travelling. A record-breaking 2.2 million people flew this Fourth of July weekend. That’s not only the most of any weekend since the start of the pandemic, but some 12,000 more than the same weekend in 2019. The surge of travellers was so

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

intense, both on the roads and in the skies, that it led to skyrocketing fuel prices, rental car shortages and widespread flight disruptions. U.S. weekly hotel occupancy is now at its highest level since late October 2019.

Canada isn't far behind.

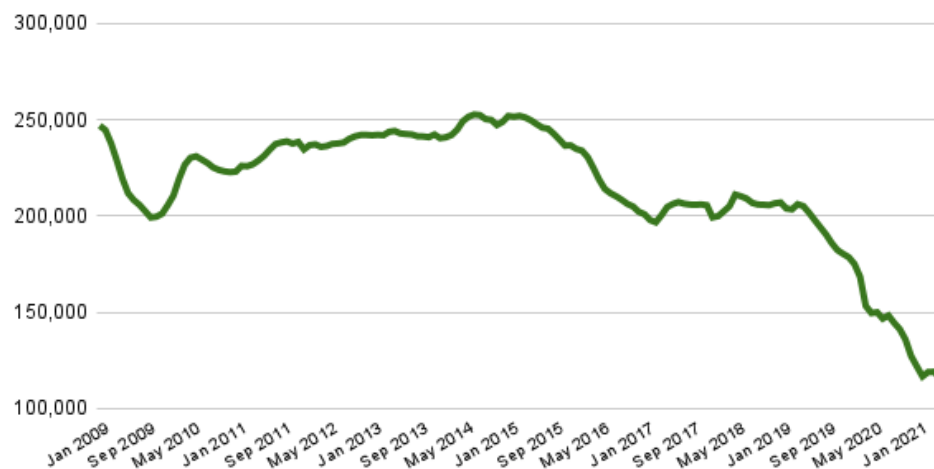
While we aren't fully open just yet, home sales have fallen 18% since their March highs, and will continue to slow further this summer.

So now what?

I think it's important to contextualize here that while sales have slowed, they are coming off record lows. Inventory has been depleted and currently sits at 20 year lows across Canada. A summer cooling is much needed.

Canada Total Active Listings for Sale

Source: CREA, Steve Saretsky



[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

The trajectory of the housing market now depends on the reopening. How much demand have we pulled forward? Will we return to the office in full force this fall and will that trigger another wave of shuffling?

What about liquidity? Despite house price pressures, the Bank of Canada is still running \$3B of QE per week. Even more startling is the Fed is still gobbling up \$40B of Mortgage Backed Securities per month in the US despite rampant housing inflation. When will they pull the plug?

Suffice to say, there are a lot of variables at play. For now, relax and enjoy the summer. The next test for the housing market likely comes in Q4.

Let me briefly touch on the Vancouver housing market now which appears to be following the same trend. As I've alluded to in previous reports, the housing market, in terms of activity levels peaked in March. We are now coming off that sugar high, where we can see sales have declined rather sharply for three straight months. This is somewhat expected given the pace of sales was simply unsustainable and we are entering a seasonally slower time for the housing market.

The good news is the fear of missing out has been sucked out of the market, and buyers are becoming much more calculated with their offer prices. This is a breath of fresh air as the pace of price acceleration was

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

alarming. Prices are officially up 14.5% from last year across the Greater Vancouver market, but significantly higher for certain product, such as entry level houses and townhouses.

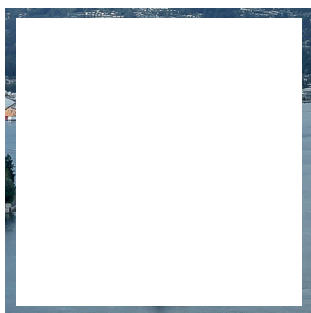
We are now seeing prices moderate and inventory is slowly building off record lows. However, it will realistically take four or five months to replenish inventory back to healthy levels after buyers rummaged through the shelves at the beginning of this year.

Anyways, both buyers, sellers, and Realtors all appear to be taking the summer off. A much needed vacation is in order after a manic year, don't expect an active summer in terms of sales or new listings. Enjoy the reopening.

A stylized, handwritten signature in black ink, appearing to be 'Steve'.

Steve

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

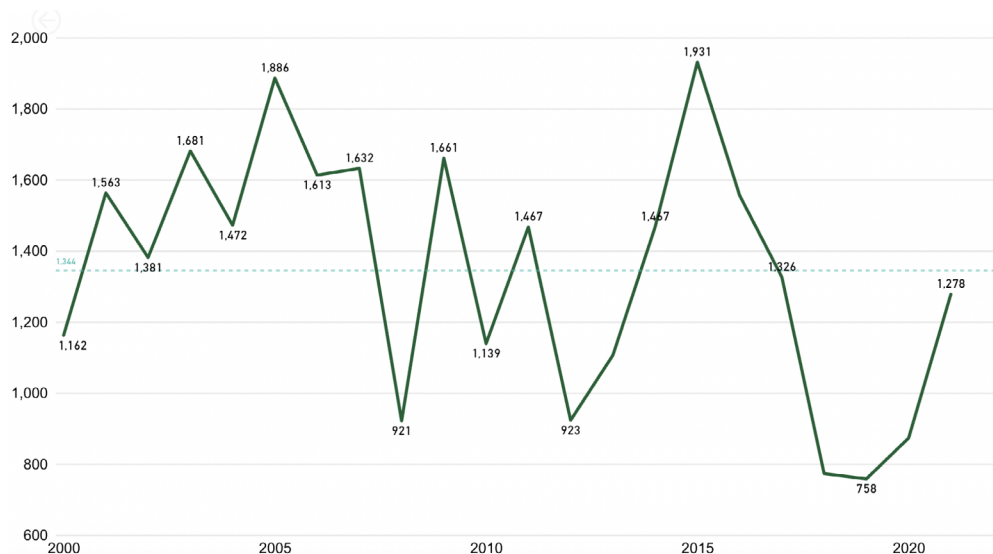


DETACHED HOUSING MARKET UPDATE

Weak base effects are beginning to fade, however Detached house sales were still up 46% from last June. Overall, this was a fairly average month for sales from a historical basis. It is highly likely we will see a year-over-year decline in July as base effects become hard to top.

Detached Home Sales in June

Source: REBGV, Steve Saretsky

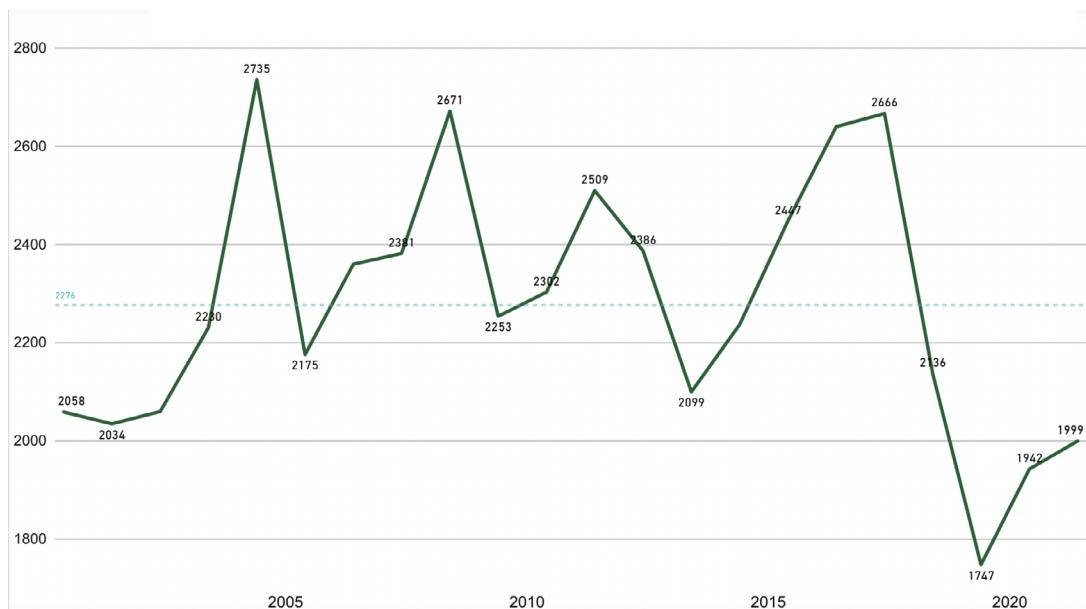


[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

New listings, while officially up 3% from last year, remain chronically low. It's pretty hard to push house prices lower without an increase in supply.

Greater Vancouver Detached New Listings in June

Source: REBGV, Steve Saretsky



The big problem here is we no longer build single family houses. Sure, we might tear down old ones and build new ones in its place, but as a whole, you could argue the stock of single family houses is actually declining each year as they get assembled for higher density. Here's a chart of single family house completions across Metro Vancouver.

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

Metro Vancouver Single Family House Completions

Source: CMHC, Steve Saretsky



So what you have now is an incredibly undersupplied single family housing market. The benchmark price of a single family house is now \$1,801,100 - up 22% from last year. This is a luxury product, and yet many families still desire to have one. This has created incredibly tight inventory pressure for houses under \$2M. There is just 2.2 months of inventory for sale for homes under \$2M

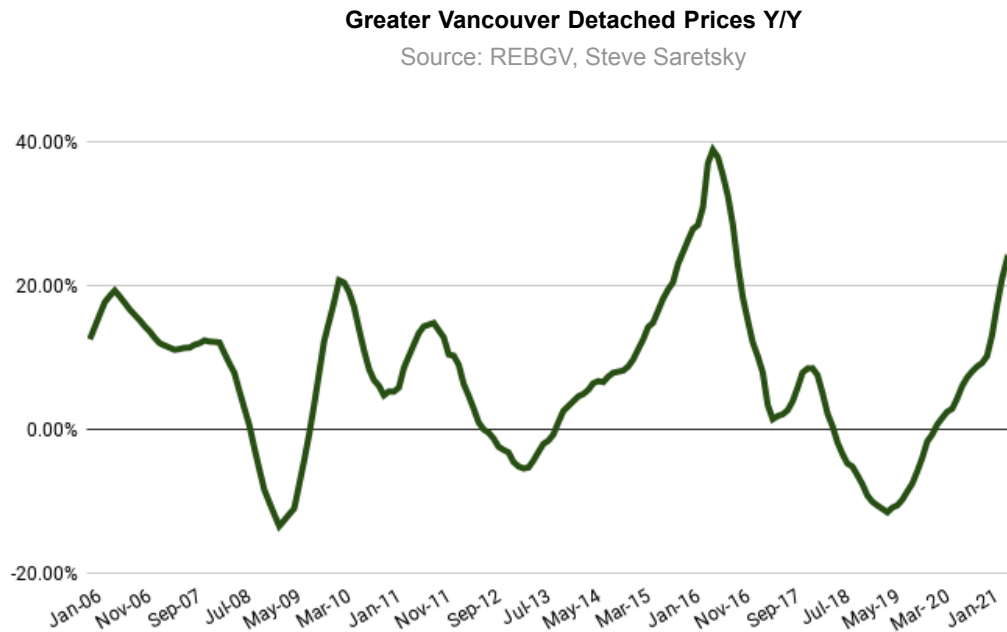
Months of Inventory Houses Under \$2M

Source: REBGV, Steve Saretsky



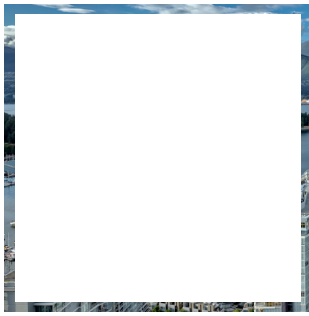
[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

Which means upwards pressure on prices..



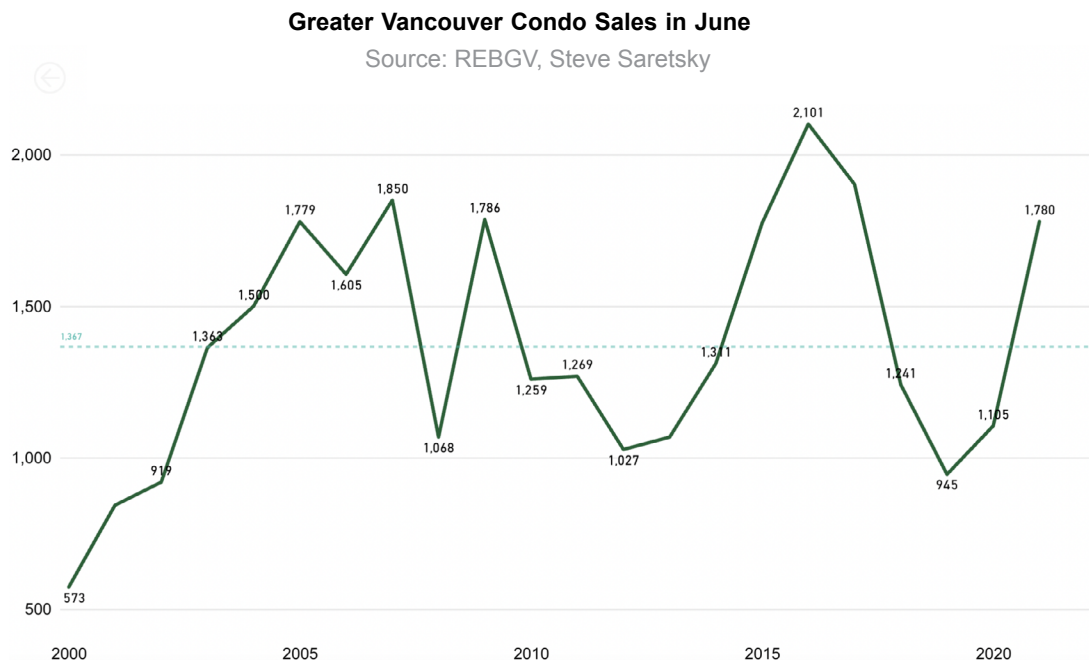
Fortunately, price acceleration appears to be abating, and the market is now taking a breather. A consolidation in house prices appears realistic in the months ahead.

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!



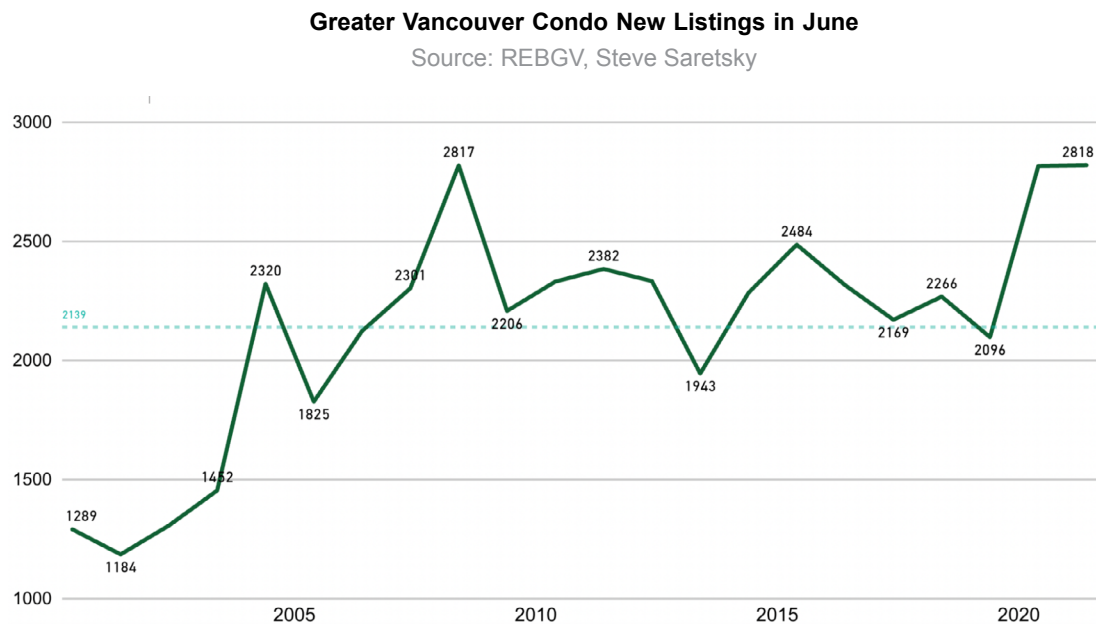
CONDO HOUSING MARKET UPDATE

Condo sales are still going strong, up 61% from last year. There's a noticeable seasonal slowdown happening, similar to the rest of the market. At the beginning of this year we were seeing condo sales set new record highs, and there's definitely been a shift since then. Looking at June condo sales from a historical lens and they are still strong, but nothing head turning.



[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

What's interesting here is that, unlike the single family housing market, the condo market is still seeing elevated levels of new listings. Flat from last June but at record highs from a historical basis.

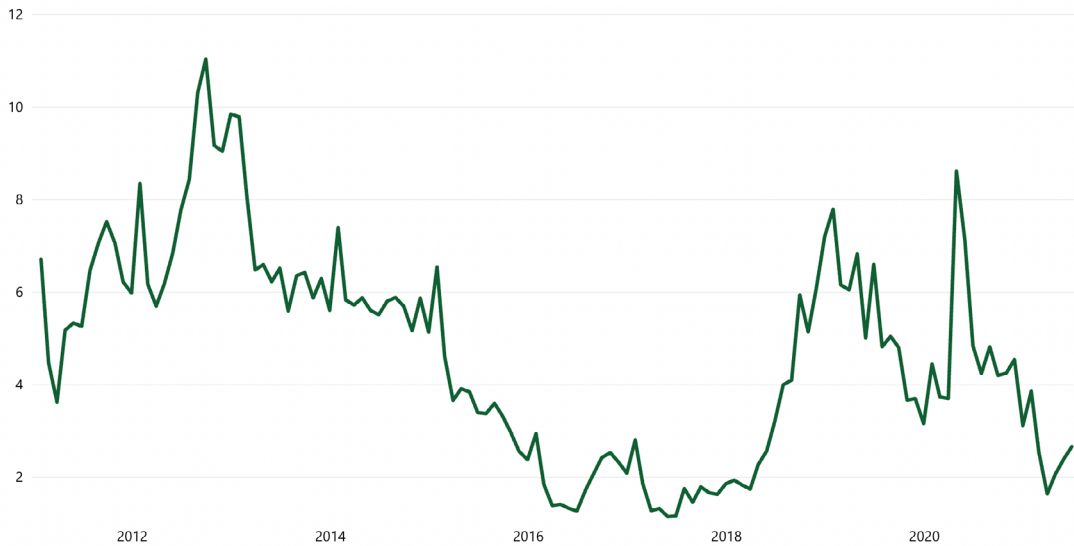


Fewer sales and new listings still running hot is bringing the months of inventory levels higher. We can see that months of inventory is picking up from its March low, and now sits at 2.7. This figure is still indicative of a sellers market.

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

Greater Vancouver Condo Months of Inventory For Sale

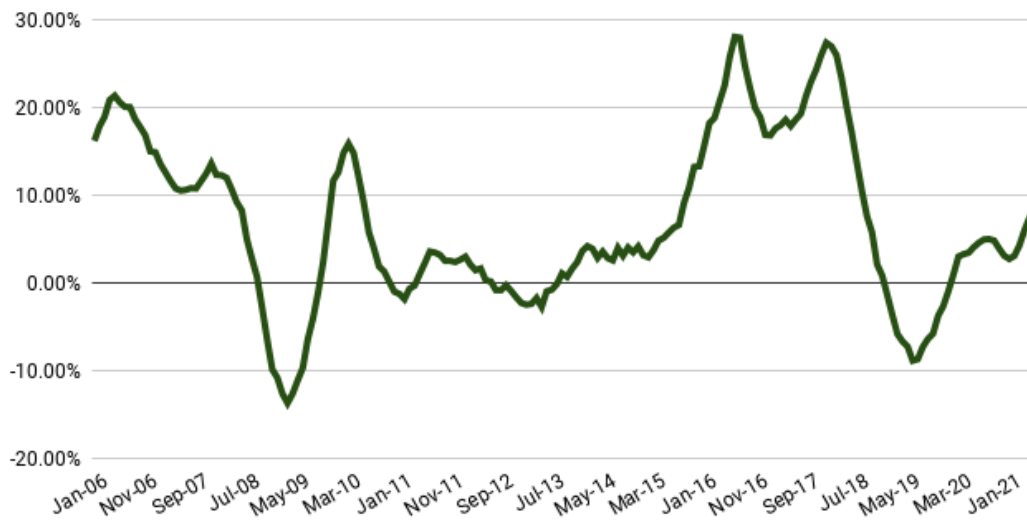
Source: REBGV, Steve Saretsky



Condo prices are now up 9% from last year.

Greater Vancouver Condo Prices Y/Y

Source: REBGV, Steve Saretsky



[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

I am still cautious on condo prices as new listings have been running high for nearly a year now, and the number of new condos under construction remains elevated. This is much different than the single family housing market where we see a lack of new supply in the pipeline.

Metro Vancouver Apartments Under Construction

Source: CMHC, Steve Saretsky



Overall, the condo market is nearing healthy levels of supply and that should ease price growth in the months ahead. What we need to watch for next is immigration growth, as that will improve the rental market and could draw in more investors to soak up any additional supply. We likely won't get a good read on this until the fall.

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!



TOWNHOUSE HOUSING MARKET UPDATE

A quick update here on the townhouse market. I usually don't include it in my reports because it typically falls in between the condo and the detached segment. However, the townhouse market is currently the hottest segment of the market. Basically what's happened is people have been priced out of the detached market, yet they still need more space, and ideally a third bedroom. This is hard to find in a condo, so townhouses have been booming.

Townhouse months of inventory currently sits at 1.9. It's more supply crunched than houses and condos.

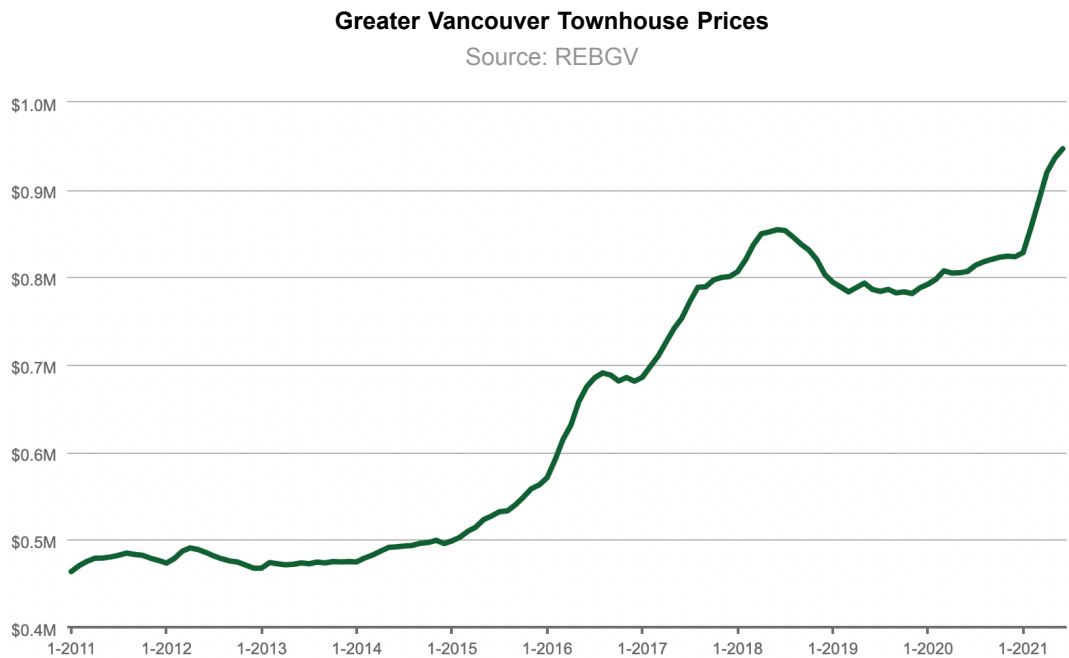
Greater Vancouver Townhouse Months of Inventory

Source: REBGV, Steve Saretsky



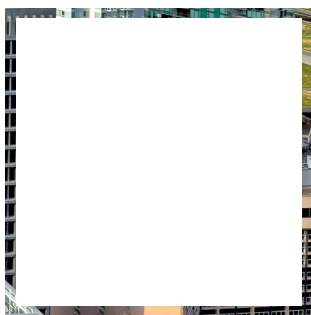
[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

Prices are up 17% from last year, or \$140,200 according to the home price index.



Anyways, if you're looking to buy a townhouse there have certainly been better times. Townhouses are flying off the shelf, not only in the resale market but pre-sales too. Developers have been selling out new townhouses at a rapid pace, often raising prices after the first week of launching. There are signs things are moderating, but I truly believe townhouses will be in demand for years to come as families grow, needing more space, while still being priced out of the single family market.

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!



MORTGAGE NEWS

The most recent data shows Canadians added the most mortgage debt on record in April. The annual growth in Mortgage debt is now nearing 8%, that's the highest pace of growth since 2010. According to one of the largest mortgage brokers in the country, Butler Mortgages, June is expected to be the biggest mortgage month in the history of Canada.

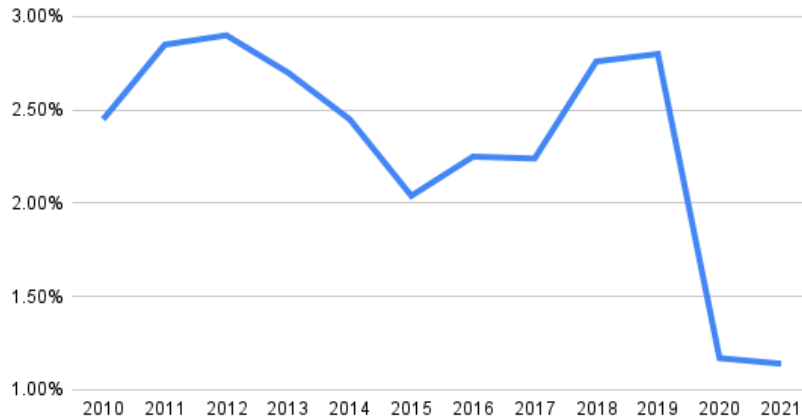
This shouldn't be a huge surprise given mortgage originations lag home purchases by about 60 days. Still, mortgage lending is off the charts. Mortgage rates remain incredibly low, with the typical uninsured 5 year mortgage hovering around 2.19%. Despite 5 year fixed mortgage rates remaining incredibly cheap on a historical basis, we are seeing more buyers shift to variable rate mortgages. The spread between fixed and variable has been widening, and we are now seeing variable rate mortgages as low as 0.98% for insured borrowers.

Here's the best 5 year variable rates in recent history:

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

Best 5-Year Variable Rates

Source: Rates.ca



And lastly, CMHC is back. Under the helm of a new CEO, CMHC has just announced they are reversing course on tighter lending standards. They opted to tighten lending standards on new insured borrowers at the onset of the pandemic over fears of market instability. However, they are now concerned about losing market share to the two other private insurers in Canada. They will now be reverting back to pre COVID lending requirements. This is unlikely to have a material impact on the housing market but it will provide high ratio borrowers with more insurance options.

[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!

ABOUT STEVE

Steve Saretsky is a Vancouver residential Realtor and author behind one of Vancouver's most popular real estate blogs. Steve is widely considered a thought leader in the industry with regular appearances on BNN, CBC, CKNW, CTV and as a contributor to BC Business Magazine. Steve has advised developers, hedge funds, and fund managers on the Vancouver housing market and is a regular speaker at industry events.

Steve Saretsky provides [real estate services](#) throughout Greater Vancouver. To inquire about listing or buying a property, please email: steve@stevesaretsky.com.



[CLICK HERE](#) TO SIGN UP FOR THE SARETSKY REPORT!



STEVE SARETSKY

PERSONAL REAL ESTATE CORPORATION

STEVE@STEVESARETSKY.COM | STEVESARETSKY.COM

OAKWYN REALTY

3195 OAK STREET. VANCOUVER, B.C. V6H 2L2