

Market at a Glance

1st quarter 2006

Is Risk of Housing Price Correction Rising ?

The odds of a housing price correction is rising, a major bank warned. Greater Vancouver's hot condo markets appear heading toward equilibrium, some builders in some areas run the risk of putting too many new units into the markets, another consulting firm reported. Developers argued, though, that population growth and immigration will continue support demand. They disagree that there is a potential for oversupply in some areas.

All the indicators are telling us, though, that the real estate markets in Greater Vancouver is hot and speculation is present in the market. However, the chances that the housing boom will turn to a bust are still very low. Re/Max Western Canada regional office expects to see a more balanced housing market in the second half of this year, while another market analyst with CMHC forecasts that the prices will start levelling off early next year as more and more potential buyers are squeezed out of the market.

The current low and stable inflation environment is reducing the risk of a large price correction. The general message is that there are some risk factors out there, but the developers are expected to be \wise enough to take heed of what's going on and make adjustment accordingly. As experienced in Toronto, it is very likely that the market here in Greater Vancouver will also gradually change from really hot to moderate without having anyone ending in tears.

**How can I help you with your real estate plan ?
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