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BUYER'S MARKET IS SILVER LINING

The Canadian Home Builders' Association is a non-profit organization dedicated to education, professionalism, consumer awareness, and housing affordability.

According to CMHC's recent Housing Outlook Conference, Victoria is a buyer's market for housing.

One of the reasons is tax uncertainty created by the HST and transition back to the PST. As a result, single family housing starts are the lowest in a decade.

Last year, 609 single family homes were built. Previously, the lowest number was 629 homes in 2001, followed by 635 starts during the 2008/09 global meltdown.

Greater Victoria is not the only region suffering declines. Virtually every BC community experienced double-digit declines in new single family homes, resulting in significant job losses. The silver lining in this very dark cloud is a buyer's market has emerged.

According to Stats Canada's New Housing Price Index, prices in Victoria have declined about 12% since 2007. This outweighs added HST costs, especially when the rebate is

included. A new home built in 2007, without the HST, would cost more than an equivalent new home in today's market with the HST.

If you are considering a new home purchase, keep in mind the HST is only one factor. The cost of a mortgage, land, materials and labour are also very important.

When the HST is removed, pent-up demand may increase some of these other costs. In addition, consumers will lose the HST rebate, up to \$26,250.

Also, pay attention to CMHC's monthly reports on single family housing starts. Despite a very tough year, the past three months have shown small increases. It is likely consumers are starting to realize they are in a buyer's market, despite the HST.

If demand continues and prices rise, the increase in labour and material costs may be greater than any savings realized by waiting for removal of the HST.

Talk to a CHBA builder about building/buying a new home in today's market with the HST. You might be surprised.

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