

REAL ESTATE REPORT

MAY 2011



Compliments of
Christine Wolter



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Mortgage Rate Outlook

Mortgage rates have thus far evolved in-line with our December 2010 forecast, with the 5-year fixed rate reaching 5.44 per cent and the 1-year rate hitting 3.50 per cent in mid-February. Mortgage spreads (the difference between a fixed mortgage rate and the yield on Government of Canada bonds) have returned to historically normal levels and we expect these spreads to remain fairly stable in subsequent quarters. Therefore, the path of future mortgage rates will be largely

determined by changes in government bond yields, which have moved significantly higher in recent months but are currently being pushed lower by world events. We anticipate that, barring a growth depressing and sustained rise in oil prices, yields will move gradually higher throughout the year as markets price in improving economic conditions and higher inflation expectations. Rising yields will in turn lead to higher mortgage rates, likely in the realm of 4.35 per cent for a 1-year and 5.90 per cent for a five-year fixed rate mortgage by the end of

the year. Sentiment about the US economic outlook has improved dramatically in the two months since our last forecast. This is very good news for the Canadian economy and also very good timing as the economy is likely to face some headwinds in 2011 from potential consumer restraint, exchange rate pressure on exports and slowing residential construction. However, the increasingly positive economic outlook is already in danger of being swept aside by a looming crisis in the Middle-East and North Africa (MENA) region that is threatening spill-over to global markets and Canadian interest rates.

Residential Sales By Price Year To Date		
PRICE RANGE	2011	2010
\$0 to \$200,000	3	5
\$200,001 to \$240,000	12	5
\$240,001 to \$280,000	14	16
\$280,001 to \$320,000	39	22
\$320,001 to \$360,000	65	72
\$360,001 to \$400,000	85	98
\$400,001 to \$440,000	91	107
\$440,001 to \$480,000	54	84
\$480,001 to \$520,000	50	64
\$520,001 to \$560,000	51	59
\$560,001 to \$600,000	20	28
\$600,001 to \$999,999	64	91
\$1 Million and over	12	10

Summary of Residential Sales Year To Date			
TYPE	2011	2010	
Acreage	7	18	
Acreage/House	30	36	
Acreage (Waterfront)	0	2	
Business	6	8	
Townhouse	147	185	
Condo	195	262	
Duplex	16	36	
Farms	1	7	
IC & C	41	54	
IC & Lands	2	1	
Lots	38	71	
Leases	11	10	
Lots (Waterfront)	1	0	
Multi-Family	1	0	
Multi-Plex	2	3	
Mobile Homes	66	72	
Recreational	2	4	
Residential	550	660	
Residential (waterfront)	8	8	
Timeshares	0	0	
TOTAL	1115	1418	

A Few More Real Estate Stats

Average house price last month	\$477,652
Median house price last month	\$434,500
Number of houses listed last month:	448
Number of lakeshore homes sold last month:	0
Average mobile home price last month	\$ 94,550
\$ value of sales last month	\$ 109,937,137
\$ value of sales last month 2010	\$ 178,621,517

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All proceeds donated to the Shelter Foundation and Kelowna Women's Shelter.
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ACTIVE LISTINGS

Res.	Mobiles	Strata	Lots
1627	240	1496	586

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