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*North Shuswap
2007 Year End Report – January 2008*

2007 was an odd year. You will see in the statistics that sales volume for 2007 was only slightly less than 2006. The gut instinct or seat-of-the-pants feeling was that sales were down for 2007. Last year Buyers took much longer to be comfortable with their decision. Buyers were cautious and all too willing to do nothing. I can say that all Realtors® worked much harder to get Buyers and Sellers to the table in 2007.

Many factors caused buyers and sellers to adopt their attitudes. The American sub-prime mortgage issue will see as many as 2 million American mortgages facing foreclosure over the next 16 months. The Canadian mortgage industry has little to do with the American mortgage industry, but when America gets the flu, Canada will at least get the sniffles. Many Canadians stepped back to see what that meant. Then, the Alberta government announced it will take a larger piece of the oil pie, causing many Albertans to step back to see what that meant. The rising Canadian dollar caused guilt among many Canadians, and they stepped back to see what that meant. They got over it.

We are a cautious people. We will step back until we understand what is going on. I expect many Buyers to step up once they understand the reasons for their caution. Remember, all that we have for sale are properties the Buyer may want but do not need. It takes very little to upset our applecart and make the Buyers extra cautious. We've picked up the apples; now let's get on with it!

Lakeshore

The last half of 2007 saw interest in freehold Lakeshore slow down just a bit. The last lakeshore MLS® sale in the North Shuswap was mid-September. The fall-buyer did not show up. 2006 saw 22 Lakeshore homes sell and 2007 saw 19 sell. A drop in numbers yes, but nothing to worry about.

Semi-Lakeshore & the Nice House with Features

Earlier the theory was that the high price of lakeshore would convert lakeshore buyers to semi-lakeshore or nice lakeview homes just a block to the beach. These homes show good value versus features but the buyers did not respond in the numbers I thought they would. This category of house is the most perplexing to me. I expect high activity for 2008.

Anglemont Estates Lots

I said in my report of a year ago to expect Anglemont Estates lot sales in the \$80,000 and \$90,000 by May of 2007. By fall 2007 we saw 5 sales in the \$80,000's for premium lots and none in the \$90,000's. Anglemont Estates lot sales have suffered the least in the softening market. 2008 will remain the same with only Anglemont Estates offering a selection of lots under \$100,000. Anglemont Estates continues very popular with many lots for sale in the \$50,000; \$60,000 and \$70,000. Selection is very good.

Anglemont Estates Residential

We now have 4 MLS® sales of Anglemont Estates homes selling for above \$300,000. We have seen none sell above \$400,000 and I expect it will be late 2008 before we see sales above the glass ceiling of \$400,000 in Anglemont Estates. Glass ceilings will always be broken and this one is next.

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Celista; Magna Bay; Scotch Creek; St. Ives & Lee Creek

These villages see residential sales both above and below the \$400,000 mark. Inventory of the nice home with features was high for 2007. Buyers should expect a good selection of homes to view in 2008. These villages offer limited inventory of bare lots with prices starting at \$150,000.

Acreage

Acreage sales have never been good in the North Shuswap but 2007 saw a number of acreages change hands and interest in acreages will continue to grow as only acreage will fit some buyer's plans.

Commercial

Lots of interest but few sales. Investor/developers continue to look and research our area for future plans. Water supply and sewer are the major stumbling blocks for developers. Consumer confidence has developers a bit more cautious than a year ago. Long-term conditions will have developers scrambling for opportunity. Available land is less every year.

Wise Words from others:

According to Statistics Canada data from 1996 to 2006, home ownership among Canadians is continuing to increase year after year. The number of homes owned has increased from 6.8 million, or 24%, over these 10 years, while the population of the country has increased from 28.8 million, or 10%. (Century 21 Canada)

According to an Angus Reid Strategies poll conducted in May on behalf of Mortgage Intelligence, one in seven Canadians owns a vacation property and one in four would like to purchase recreational real estate in the future. Forty-one percent of vacation property owners surveyed are over the age of 55, at the top end of the baby boomer bracket.

Eight out of 10 (83 per cent) Canadian baby boomers, aged 41–61, are not hesitant to consider a real estate purchase despite U.S. housing market volatility. Twenty-one per cent of boomers surveyed anticipate making a real estate purchase in the next 3 years. (Angus Reid Strategies online survey)

The number of households in Canada owning second homes, or cottages reached 1.1 million in 2005. There are continued strong price pressures in Canada's western provinces. (CMHC)

Other, smaller Okanagan markets are more appealing as an investor. (*I think the Shuswap falls into this category*). This market is different. The world has changed and we are facing a different real estate investment market today. No, it is not over. But yes, it is different. The sub-prime debacle in the United States, the sudden downturn in the Edmonton and (lesser downturn) Calgary markets and word of tighter credit in Canada, all this has people wondering "*what next?*" and "*what do I do now?*" (Ozzie Jurock - <http://www.jurock.com>)

My pal Lorne Strumecki of Century 21 in Edmonton (780-460-1322), reports Alberta is in a market correction and expects recovery in the fall of 2008. Lorne sees mortgage qualifying by buyers has tightened-up causing many buyers to back off or look to Saskatchewan to invest. Alberta's market is

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saturated with listings from sellers that see an opportunity for profit. Some sellers are the *fix & flip* type that see it on TV and say “*we can finance a house then paint it and arrange the furniture and make a fast & tidy profit.*” Problem is too many tried it too late, and are now making payments on a house that needs to sell. Some sellers are retiring and selling out to move back to their home province, and the Shuswap is high on the list of destinations. Some buyers that may have bought a home to rent out have stopped as the cost of mortgage versus rental income potential is no longer viable.

Editors note:

Please don't ever count Alberta as out of the game. If anyone in the world is capable of picking themselves up, dusting themselves off, and charging full steam ahead, it is the Albertan and their *damn the torpedo's* attitude.

Bullish On Canada

Michael Levy (mlevy@customhouse.com) departs Custom House and in his farewell message he makes these points: "We are bullish on Canada:

- Vast reserves of oil and natural gas in the ground will some day make Canada the world's largest supplier of fossil fuels to the world ...
- When the method of efficiently extracting the oil reserves from the Canadian oil sands is perfected ...Canada will even match or surpass the likes of Saudi Arabia and become one of the richest nations on earth ...
- The world will continue to need our commodities whether the aforementioned energy products, base metals, lumber, precious metals, water, power from the likes of Quebec grains from the prairies, and the list goes on.
- Canada is the only country in the G-8 that does not have a budget deficit; in fact in the past 10 years where the U.S. national debt has almost doubled to over \$9 trillion, Canada has actually paid off over \$92 billion on our sovereign debt.
- Canada is going to become the lowest taxed regime corporately in the industrialized world, with federal income tax on businesses coming down to 15% in the next five years; an invitation for industries and corporations of world to set up shop in our country.
- Canada is and will more so become the darling of the investment world. We have seen it burgeon since 2002 when the Canadian dollar started to turn from the record lows all the way up to this past month when we reach modern day record highs. That is the world knocking on our door to buy "us" and having to buy Canadian dollars to do so.
- Canada is safe geo-politically, has a stable government, and invites the world to our doorstep.
(Ozzie Jurock – Facts by Fax)

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For the first time ever I have been approached by American Realtors® from Phoenix hungry for Canadian buyers of sunny south real estate. The strong Canadian dollar and weak American market will attract Canadian buyers looking for a deal on a winter home. This will not affect us as we attract summer home buyers. I can see many Canadians owning an Arizona property for winter and a Shuswap property for summer. If you would like to contact a good Phoenix Realtor® just let me know.

This Report

Every year when I write this report I only need to wait a few days before I get calls from people who want to debate its findings. This report I expect, will be the same. Buyers will tell me I have understated the obvious and it's much worse than I report. Sellers will point out that it's not nearly as bad as my report indicates and so any negative comments only serve to fuel the fire.

My point is, I tell it like I see it, so don't shoot the messenger. Our market today is not good and it is not bad. It's normal. We went through a time of change and market correction.

I expect a time of market stability from the cooling off. Many sellers have taken their listings off the market rather than talk about extending the listing and lowering the price. The sellers don't want to play.

In Edmonton it is the opposite, with a glut of for sale signs. But then, we are a very different market here in the Shuswap.

Predictions

Western Canada's strong economy is our best defense to the continent-wide slump in the Real Estate Market. Western Canada will remain strong. Shuswap Lake and all it is to Buyers is stronger than what caused the market to slow down in other areas. Expect some sad faces when some investors find out their mutual funds financed American sub-prime mortgages that are in foreclosure, money evaporates.

Expect to see new houses built to high energy efficient standards. Expect geothermal heating to be of great interest to Buyers and builders. Expect to see under-hung sinks, stainless appliances and bold wall colours near the end of a popularity cycle.

Expect the number of listings at high season to be around 200 total with half being bare lots and half residential. Expect 2008 sales to be similar to 2006 and 2007. This offers the market stability I have been waiting for.

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2006 North Shuswap Sales Statistics

Quarter	1 st	2 nd	3 rd	4 th	TOTAL
LOTS	19	40	27	23	109
HOMES	10	29	30	13	82

2007 North Shuswap Sales Statistics

Quarter	1 st	2 nd	3 rd	4 th	TOTAL
LOTS	12	37	38	15	102
HOMES	7	39	26	10	82

The statistics prove it ... 2007 was very similar to 2006 in number of sales. The difference was Realtors® had to work hard to keep the numbers up. I'm okay with that.

My web site www.northshuswap.com continues to be strong averaging over 90,000 hits per month.

CENTURY 21 national is launching a new web site www.century21.ca to offer more exposure and simplify the online Real Estate shopping experience.

My weekly free email Hotsheet showing new, sold & changed listings for the North Shuswap continues to be popular and grow with several hundred weekly recipients.

As always, I am here to serve you. If I can be of assistance to you please call.

Al Christopherson – Realtor®
Century 21 Lakeside Realty Ltd.