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North Shuswap
2010 Year End Report – January 2011

For the purpose of this report the North Shuswap is defined as that part of land on the north side of Shuswap Lake between the Adams River Bridge and the end of the pavement in St. Ives.

The Statistics

As of December 31, 2010 we had 200 active Listings in the North Shuswap. During the summer we peaked at near 300 Listings. 2010 saw 2 Commercial; 23 bare Lots; and 38 Homes sell for a total of 63 transactions. That is a typical number. What is not typical is that only 5 Lakeshore sales occurred, 3 townhouses and 2 modest Lakeshore homes. Buyers interest shifted to a more modest purchase.

North Shuswap Residential Comparison 2008 – 2009 – 2010

The average sale price of \$433,876 in 2008 then dropped to \$274,936 in 2010 is not what it seems. The number of residential sales remains the same but the Buyer focus has changed. In 2008 we had many Lakeshore sales and high-end non-Lakeshore sales that drove the average sale price for that year up. In 2010 the Buyer focus shifted to a more modest home and the change in that Buyer focus has skewed the statistics. 2008 saw 13 Lakeshore homes sell. 2009 saw 20 Lakeshore sales and 2010 had only 5 sales.

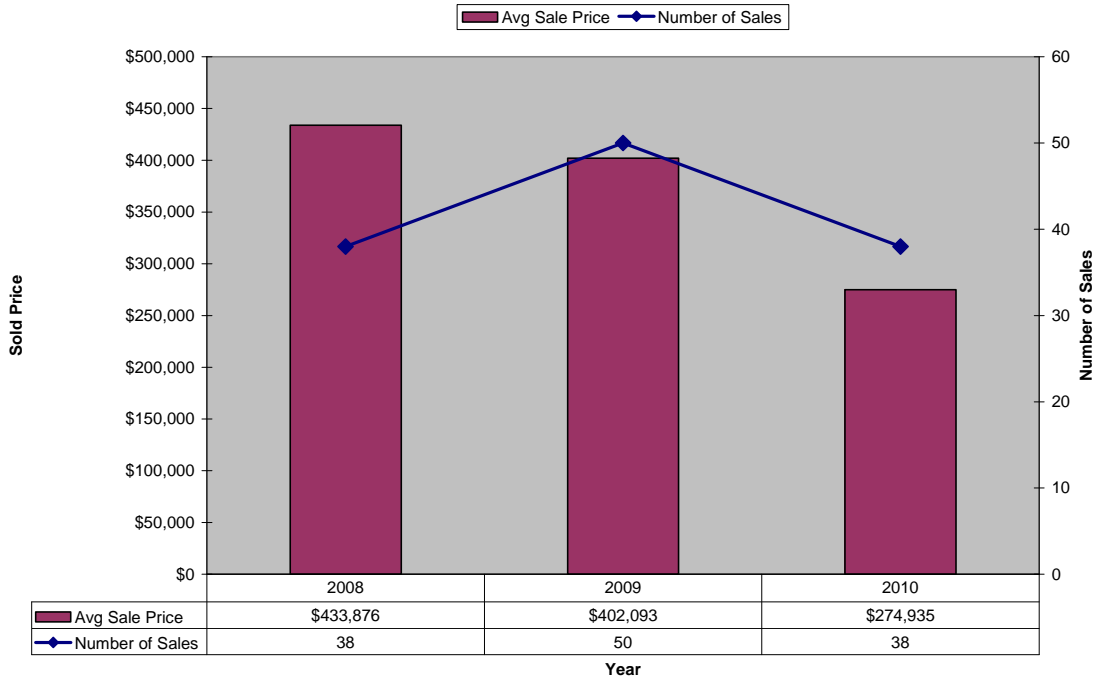
Another bellwether is the low priced Anglemont Lots. 2008 had 26 sales; 2009 saw 8 sales and 2010 had 12 sales. A typical year will see 24 Lakeshore homes and 30 Anglemont Lot sell. Most of the bare Lots that sold were higher-priced, better Lots. Home sales shifted from higher-priced, better homes to the lower-priced, modest purchase.

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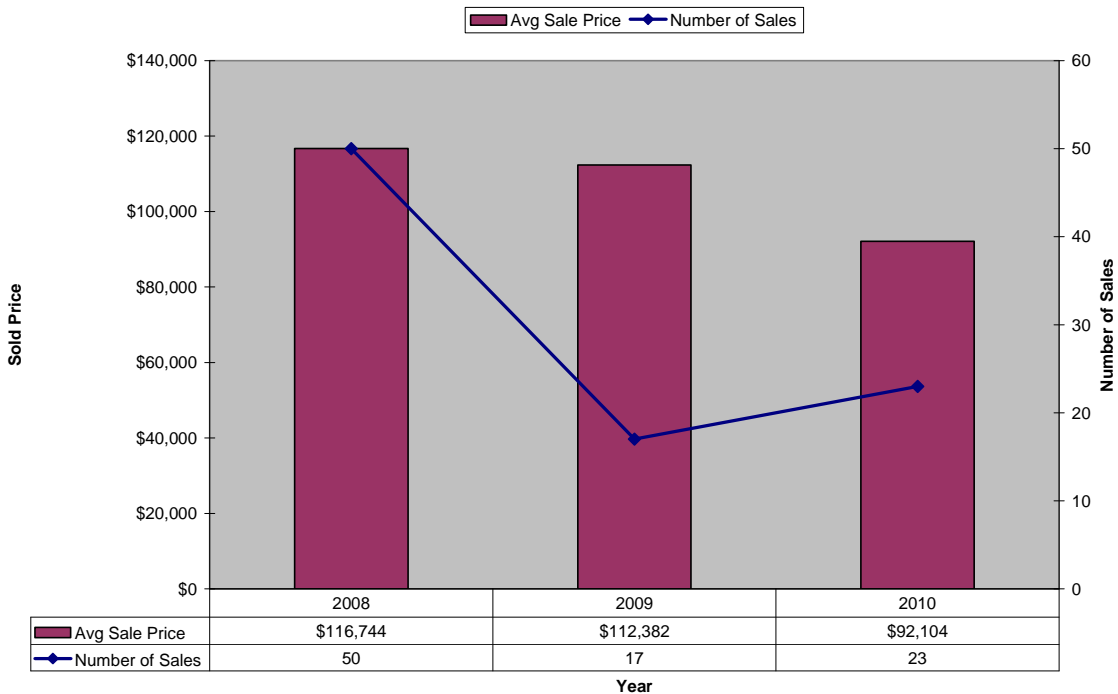
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Average Residential/Recreational Sale Price 2008 thru 2010



Average Lot Sale Price 2008 thru 2010



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Statistically, the bottom of this market cycle for Buyer interest was February 2009. Everything hit bottom. Buyer interest on my web site fell from 70,000 hits per month down to a few hundred. We had no calls; walk-ins or emails that month. While online interest was restored, most potential Buyers held the 'wait & see' posture.

At that time, Sellers did not buy into the 'market is falling' camp and so held their ground on pricing. Over time we saw many price reductions on the MLS®. For the most part, these price reductions were on overpriced Listings. They were overpriced from the start. Many Sellers tried it their way but learned that Buyers would not bite, so lowering the price to where it should have been was the option many Sellers took. We still see overpriced Listings as those Sellers are not in a rush to sell. Many Sellers took the option to 'hold until the market recovers and I can get my price'.

Now, there is a second bottom to this market cycle. That's the bottom of pricing cycle indicated by the Sold statistics. I am sure that in one of my future quarterly reports I will be showing you the bottom of the Sold Price Market will be between October 2010 and March 2011. We won't know until it's behind us because that's the way statistics work, but that is my prediction.

Two-and-a-half years ago, when the world economy started to smell bad, it was predicted that many North Shuswap property owners would have to sell their second property here to save their other holdings. At that time I thought that theory had merit. So far, I see no evidence of it. We have no more and no less foreclosures on the market today than we would in any normal year. I think I know why. The economy is not as bad as the media indicates. Those mostly affected by the economy do not have summer homes in the Shuswap and most importantly, of our 5,000 deeded properties the majority have no mortgage on title. Also, the thought 2 years ago was even if a Shuswap summer property has no mortgage we will still see very aggressive pricing on for sales again to save the owners other holdings. Again, I have seen very low evidence of highly motivated Sellers or nothing near earlier predictions.

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Canadian owners of American real estate should ask their accountants about recent changes in the US Treasury Department regulations regarding Estate Tax. If you are Canadian and own US real estate and if you should die your estate could take a real tax hit. Please ask and be aware.

Hits on my web site continue as normal. August 2010 was the high at 80,000 and November 2010 at 34,000 was the low, as normal.

Email activity for the first 3 weeks of 2011 is greatly improved. I have had as many emails in the first 3 weeks of 2011 as I did in the last 4 months of 2010.

Interesting Article from the Vancouver Sun Newspaper

2011 looks bright for B.C.

Export sector will boost growth in the coming year

BY ROSLYN KUNIN, SPECIAL TO THE SUN NOVEMBER 6, 2010

Even cynical economists are unable to substantiate a negative forecast for British Columbia in 2011.

No, there won't be another Olympic victory or an out-and-out economic boom. But there will be consistent growth that would be envied by other parts of this continent -- and the world.

Why the optimism?

First, let's not take for granted basic conditions essential to prosperity, such as peace and political stability. B.C. is fortunate to have these in abundance. Many countries are not so fortunate.

Second, a very large contributor to the province in 2011 and beyond will be the export sector.

An essential component for a prospering export industry -- or any business sector -- is customers who need our products and services and can pay for them.

The United States, our major customer, has been struggling to pare its catapulting deficit. Despite aggressive strategies to curb spending, only moderate growth is forecast for the U.S. economy over the near term.

Yet, China, India and other rapidly growing nations are hungry for the energy and mineral resources B.C. can provide.

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These thriving markets are not only buying the metals and minerals needed for development, but also viable and proven energy alternatives -- oil, coal, wood pellets for heat and power generation -- as well as high-tech services needed to generate long-term, clean energy.

B.C. is now also third, behind Ontario and Quebec, in exporting culture -- art, literature, music and film.

In 2011, B.C. will not only contribute to the development of the Asia Pacific, it will also be investing in its own economy. This investment includes machinery, equipment and construction.

The strength of the Canadian dollar will continue through 2011. This is a challenge that our exporters are working to overcome, but it is a great asset to those who want to import the machinery and equipment that will make B. C.'s companies and workers productive and competitive.

Larger non-residential construction projects are captured on the Major Project Inventory database, which just keeps growing.

The latest issue of June 2010 lists projects worth more than \$111 billion, some of which are still preliminary. Since the previous issue, 49 new projects have been added. There were 28 project starts and 14 completions. On the residential side, housing starts at about 30,000 are well below historic highs, but 60 per cent higher than a year ago, and likely to continue to move up.

Though many British Columbians have not been happy about his taxation policies, Gordon Campbell, who recently resigned as premier, was recently named by the Fraser Institute as the best in Canada for management of taxes, spending, deficit and debt. Even with all the overhanging uncertainty about future party leadership and the future of the harmonized sales tax, places like California -- and even Washington, D.C. -- would love to be in B.C.'s fiscal position.

The final reason for optimism in 2011 is demographic. Baby boomers, who make up the biggest chunk of the Canadian population, are moving into predictable retirement communities. The southwest part of the province is the Florida of Canada.

When I travel east of the Rockies, almost all the baby boomers I meet are interested in retiring to B.C. The resulting population increase will be a continuing boon to real estate, retail sales and other sectors of the economy.

There is a downside to any economic outlook. Until the referendum, uncertainty about the future of HST may deter or delay economic activity and, should it succeed, removing and replacing the HST could be very harmful. If the U.S. should slip back into a recession, a negative impact on B.C. is likely. However, most observers do not foresee such a downturn. And a major political or national disaster would have scenario-changing consequences. Fortunately, this is even less likely.

In 2011, British Columbia should enjoy positive, but modest growth in the two-per-cent range. Our employment situation and our overall economy will be doing better than that of Canada as a whole, and significantly better than the U.S. Not a roaring boom, but definitely enough to raise a glass to on Dec. 31.

Roslyn Kunin is director of the B.C. office of the Canada West Foundation.
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Excerpts from TD Canada Trust Buyers Report

Boomers plan to downsize, says survey

Canadian boomers say their next move will be to a smaller home, either to save money (46 per cent) or to enjoy more luxurious features (34 per cent).

Nine per cent of boomers currently own a vacation property and a further 12 per cent plan to buy one for their retirement.

Results for the report were collected through a custom online survey conducted by Environics Research Group.

Sorry to be so blunt, but those of you who know me know I flower nothing. Remember, the worst BS you will ever be exposed to is the BS you tell yourself because you will believe what you tell yourself. For Sellers that is what you will get for your property. For Buyers it's what you pay for a property. The truth lies somewhere in between.

I try my very best to write my reports as even as I can. I let the statistics speak for themselves and interpret what I see.

As always, if you are planning a trip to the Lake and want to see me, please call for an appointment. Weekends are the busiest days as that is when most Buyers and Sellers come to the Lake.

Al Christopherson – Personal Real Estate Corporation

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