We started 2011 with a 25% higher carry over of inventory due to the 19% decline in sales for 2010. There were 3252 properties for sale on January 1st, 2011 versus 2557 properties the year before. As we moved through the first 5 months, property sales fell anywhere from 18% to 24% behind 2010’s sales. At the same time, inventories of properties were growing at the rate of approximately 10% per month.

Once again the spring market was influenced by the prospect of higher interest rates and changes to mortgage regulations. Buyers purchasing for investment purposes (ie buying a revenue property) saw a cap on equity takeout from their personal residences move down from 90% to 80%. Fixed interest rates moved up slightly while variable rates held steady or moved down slightly.

Now, with declining sales and increasing inventories, we have moved from a balanced market to a buyers market. As of the end of June, we had 5050 properties for sale, “the highest monthly level in 15 years”. Sales are down 21% compared to a year ago and new home sales continue to be negatively impacted by the uncertainty of the future of HST. Prices have remained relatively stable while the six month rolling price for single family homes has declined slightly to $619,568.

What’s in our future? Fixed interest rates are projected to rise modestly from 5.54% to 6.04% within the next 6 months. The Bank of Canada rate is projected to remain unchanged into Q1 of 2012, so the cost of borrowing will remain somewhat stable. However, if sales continue to decline and inventories continue to increase you can expect that sellers will have to adjust their prices, the length of time required to sell will increase, and there will be pressure on achieving traditional seasonal unit sales levels as we transition to even more of a buyers market. Throw in the uncertainty of the HST and a possible fall provincial election and we suggest sellers and buyers should “Carpe Diem”! There are opportunities for both now!

Yours truly,

Robert Nemish & Jenni Carswell
Your Real Estate Consultants—For Life!
CAST YOUR VOTE for the HST Referendum 2011
Elections BC is administering the HST (Harmonized Sales Tax) Referendum from June 13th to August 5, 2011. The vote will be conducted by mail-in ballot, so check your mailboxes!

Harmonized Sales Tax
The provincial government’s decision to harmonize the provincial and federal sales taxes into the new 12% Harmonized Sales Tax (HST) removed $2 billion in costs to BC businesses and provide point-of-sale rebates on many important goods and services.

However, REALTORS® and BCREA are concerned that the HST has increased the cost of buying and selling all property and have a significant impact on the purchase of newly-built homes. The people of BC are particularly affected since this province has some of the highest priced real estate in the country. The HST is an additional tax burden on BC homebuyers, homeowners and landlords.

Increasing Cost of New Homes
For new homes, under the previous system, only 5% GST was charged on new home sales. Under the HST, implemented on July 1, 2010, new homes are subject to the 12% HST.

To offset the increase in costs, the BC Government is offering a partial rebate of the HST for new housing, intending that new homes up to $525,000 should bear no more tax than under the previous PST system. Homes above $525,000 receive a flat rebate of $26,250. New home sales over $525,000 are impacted, as buyers have to pay an additional 7% tax less the $26,250 flat rebate.

On November 18, 2009 the provincial government announced the HST transitional rules on housing which includes a threshold increase from $400,000 to $525,000, moving the threshold to above the median new home price in the province. According to the government news release announcing the transitional rules, the limit was increased due to feedback from consumers and the industry.

Increasing Cost of Professional Services like REALTOR® Commissions
The HST also introduced a new tax on most services provided by GST/HST registrants in BC. As such, service-providers like REALTORS®, home inspectors, and appraisers are required by government to collect and remit 12% HST on their fees. Under the previous system, only 5% GST was charged on professional services associated with real estate transactions. Under the new HST system, the taxes charged on those services jumped an additional 7%, adding to nearly all closing costs.

The bottom line is that the HST has increased the cost of buying and selling all property, and it has a much greater impact on the purchase of newly-built homes. Almost 60% of the average family’s household income is required to cover home ownership costs. Now that the HST has been implemented, they’re paying even more.

http://www.bcrea.bc.ca/sheltertaxes/hst.htm
### Homes In Need of New Owners

For additional features, photos & floor-plans, visit www.robertnemish.com

#### 411-827 North Park Street

**$259,500**

What a beauty! This stunning top floor south west facing 2 bedroom corner suite is PRICED TO SELL and delightful to view! This building received a new roof in 2010, has a healthy contingency fund, and has been remediated. The open concept kitchen enjoys modern fixtures, new countertops, extended cabinetry, tile floors and 2 bright skylights. Gleaming cherry laminate flooring throughout, fresh paint and a west facing balcony with picturesque view to the Sooke Hills. Great south facing master bedroom with walk in closet, new light fixtures, new front-loading in-suite laundry, insuite attic storage & additional storage and more! Pets & rentals welcome. Secure underground parking too! Perfect downtown living.

#### 1646 Burton Avenue

**$389,000**

This cute 2 bedroom character home is a great starter home or investment property, has a fully fenced yard and backs onto a park. With new paint throughout and lots of great recent updates including roof, gas furnace, hot water tank and kitchen cabinets this home is move in ready. Eat-in kitchen with dishwasher and gas stove, great fir hardwood floors and new vinyl in the entry. Wainscotting, claw foot tub and new toilet in the bathroom, spacious living room and master bedroom plus main floor laundry room! Park in the basement and tinker in the workshop! Plenty of storage in the lower level, and located in a great family neighbourhood, only a short stroll to Hillside Shopping Centre, Cedar Hill recreation & golf, UVIC & Camosun College!

#### 3108 Steele Street

**$399,900**

Get your foot into the real estate market with this absolutely beautiful 1913 updated 2 bedroom & 2 bathroom home. The entire upper level enjoys the master suite complete with soaker tub, skylight & his/hers closets. On the main level, you’ll find a 2nd bedroom, office area, laundry & bathroom, an updated kitchen & more! Energy efficient construction, top quality materials, vinyl clad thermo windows, newer stucco and roof, state of the art lighting, modern laminate flooring and superb finishing detail. Easy care! The location and fantastic patio area appeal to the busy urban professional with no time to cut grass! Storage and work-bench area to tinker.
914 Falmouth Road  
$569,000
PRICE REFINED BY $30,000! Now is your time to buy this gorgeous 1920's character home on 3 levels with views to the Olympic Mountains & Christmas Hill. Steps to the Galloping Goose Trail & Swan Lake Nature Sanctuary. Painted top to bottom, it enjoys a newer roof, hot water & oil tank, furnace & vinyl windows. The main level features a refreshed kitchen with new granite counters, vinyl flooring, office space & laundry room. The living room and formal dining room have fir floors, high ceilings & bright windows. 2 bedrooms up & a super renovated 4pc bath. Two bedroom additional accommodation is ideal for teenagers & inlaws (ceiling height 6’5-6’10). The nearly 13,000sqft lot offers loads of opportunity for enjoyment.

1108 Timber View  
$359,000
Choose a quiet mountain-top lifestyle on Bear Mountain. This property is at the peaceful end of a quiet cul de sac with beautiful views to Mt. Baker, the ocean and the City of Victoria. The lot is nestled among gorgeously designed, recently-built, single family dwellings that have property values in the range of $800k to $1,000k. Approximately 0.24 acres in size, relatively flat so easy to build on and offers an easterly facing rear garden. The lot is bracketed on both sides with attractively constructed rock walls that contain the neighbouring home built-up lots. You are 2 minutes by car to the Village Center which offers a Westin Hotel with fine dining, an athletic club, shops, pub and restaurants. Come see the eagles soar! Call today to view!!

Testimonial

“You know how to do things with just the right touch”
~ Betty Szulc

Robert E. Nemish & Jenni Carswell
“Exceeding Expectations” With
- Trust
- Integrity
- Knowledge
- Service

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Have a fantastic upcoming BC Day!