ASSOCIATION OF INTERIOR REALTORS®

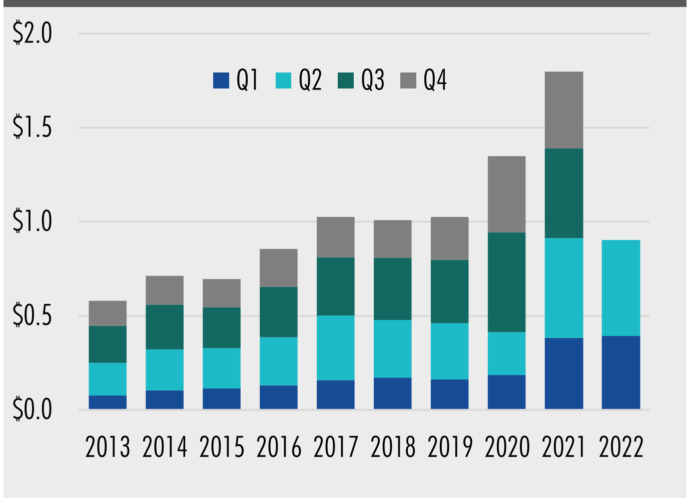
Q2 2022

KOOTENAY MARKET OVERVIEW

JULY 2022

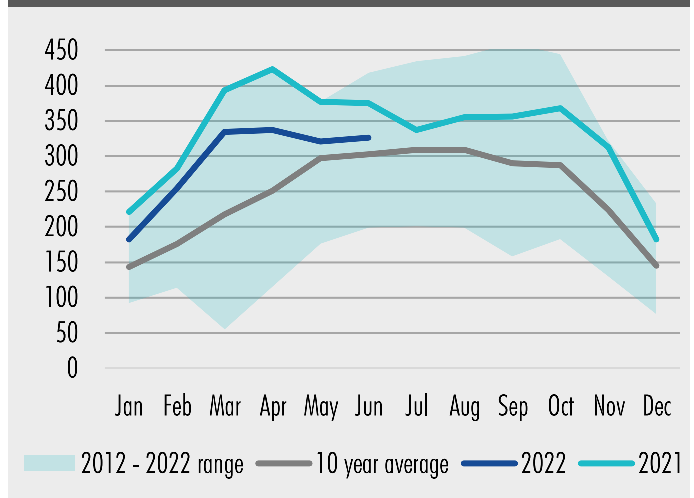
Q2 2022
Market Overview

FIGURE 1: RESIDENTIAL SALES VOLUME KOOTENAY REGION - $ Billions



Source: ASSOCIATION OF INTERIOR REALTORS®, Q2 2022

FIGURE 2: NUMBER OF RESIDENTIAL SALES KOOTENAY REGION



Source: ASSOCIATION OF INTERIOR REALTORS®, Q2 2022

Demand for housing in the Kootenay region continues, albeit at a more sustainable pace. The Association of Interior REALTORS® transacted 984 residential sales in the region, worth $511.2 million in the second quarter of 2022. This shows a 14.0% decline compared to the same period last year. Despite this, the market continues to be above long-term trends with sales in Q2 of 2022 8.3% above the 10-year average. It is important to note that this reduced activity is an indicator of the strength of the market in 2021 rather a collapse of 2022.

Overall buyer sentiment in the region is slowly changing and has been exacerbated by the current media focus on inflation and rising interest rates. Buyers are more cautious as they watch mortgage rates rise, more than doubling in just a few months. The cost of borrowing has quickly escalated in direct response to the recent increase in interest rates from the Bank of Canada.

FIGURE 3: QUARTERLY NEW HOMES QUICK STATS

984 Residential sales in Q2 2022
16.3% decrease vs Q2 2021

$529.2 Million transacted in Q2 2022
3.4% decrease vs Q2 2021

SALE

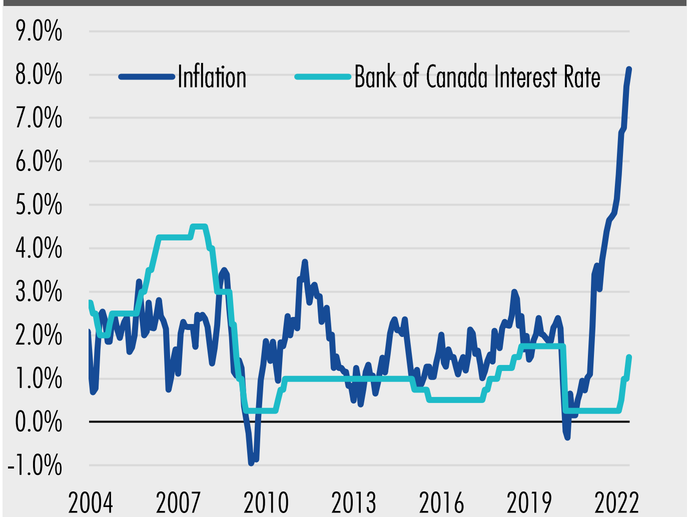
1,696 New listings in Q2 2022
5.4% increase vs Q2 2021

OPEN
OPEN HOUSE

1,261 Active residential listings as of June 2022
14.8% decrease vs June 2021

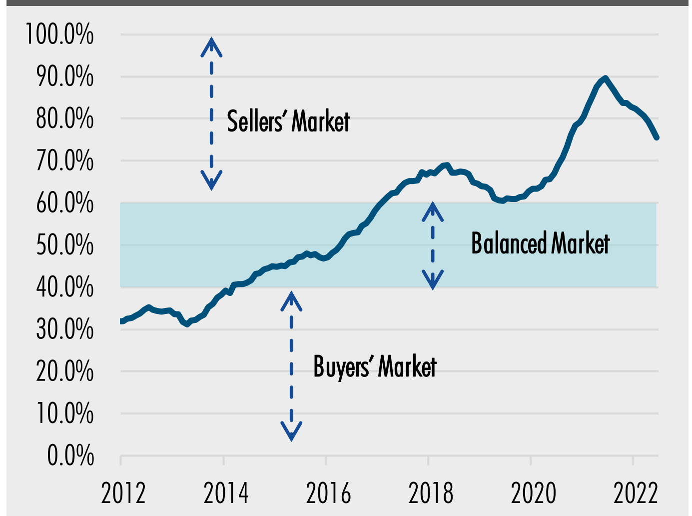
Source: ASSOCIATION OF INTERIOR REALTORS®, Q2 2022

FIGURE 4: BANK OF CANADA INTEREST RATE AND CANADIAN INFLATION



Source: Statistics Canada, Q2 2022

FIGURE 5: SALES TO NEW LISTINGS RATIO – 12 MONTH MOVING AVERAGE



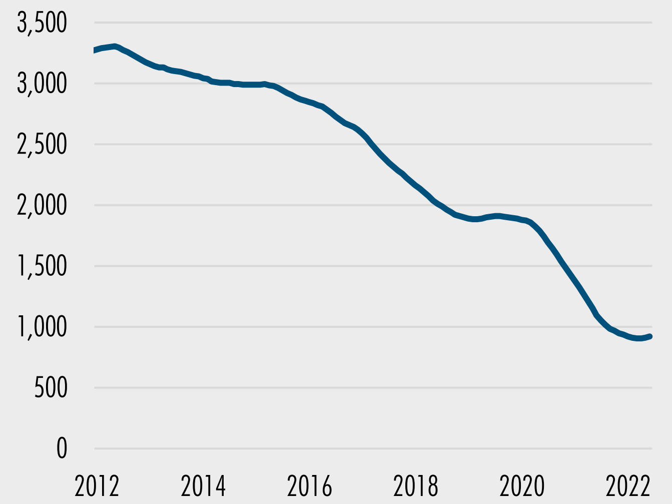
Source: ASSOCIATION OF INTERIOR REALTORS®, Q2 2022

The Central Bank has increased rates 4 times since March to reign in runaway inflation, currently sitting at a 30-year high. Moreover, on July 13, the Bank of Canada hiked its benchmark rate by 1%, representing the largest increase since 1998. The bank does not expect the official inflation rate to reduce to 3% until next year and will not return to its 2% target until 2024, meaning more rate hikes are likely to come. Economists at CIBC expect an additional 0.75% increase by the Central Bank in September and predict that rates will stabilize thereafter.

The Kootenays have not experienced the same slowdown from rising interest rates compared to other areas in the Association of Interior REALTORS®. The region's affordability has helped insulating the local markets from the pains of higher interest rates. There still exists a level of urgency for some buyers who are looking to secure a home within a certain timeframe. Appropriately priced properties continue to see multiple offers but this trend is quickly declining. The Kootenays also remain a magnet for retirees and the region is still enjoying an influx of younger people moving to the area in search of a slower paced lifestyle. Additionally, demand for recreation properties has stayed very strong in this part of the Interior. It is not uncommon for lakefront properties to receive multiple offers. These buyers are coming from a wide variety of places, from Albertans looking for vacation homes to international homebuyers wanting to take advantage of the region's world class hiking and ski destinations.

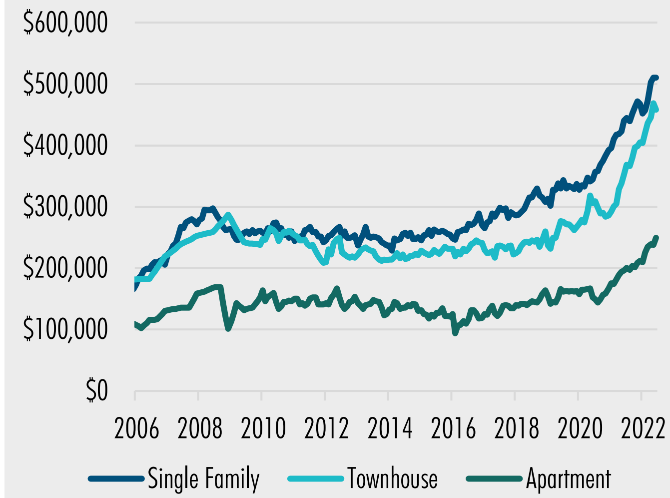
Affordability continues to drive demand. Homes in the $400,000 - $600,000 range continue to be sought after, although supply is limited. Home values have seen a dramatic rise over the past few months. The benchmark price for single-family homes is now at a record $510,500. This represents a 15.8% increase compared to the same period last year and a 54.9% increase compared to 2019. Townhouses and apartments have seen similar increases to their benchmark prices over the past 3 years as well. The recent escalation in prices has led to an erosion of first-time home buyers who are finding it more and more difficult to enter the real estate market. Some buyers are not willing to pay the current asking prices and are waiting on the sidelines until they see price corrections.

FIGURE 6: RESIDENTIAL INVENTORY
12 MONTH MOVING AVERAGE



Source: ASSOCIATION OF INTERIOR REALTORS®, Q2 2022

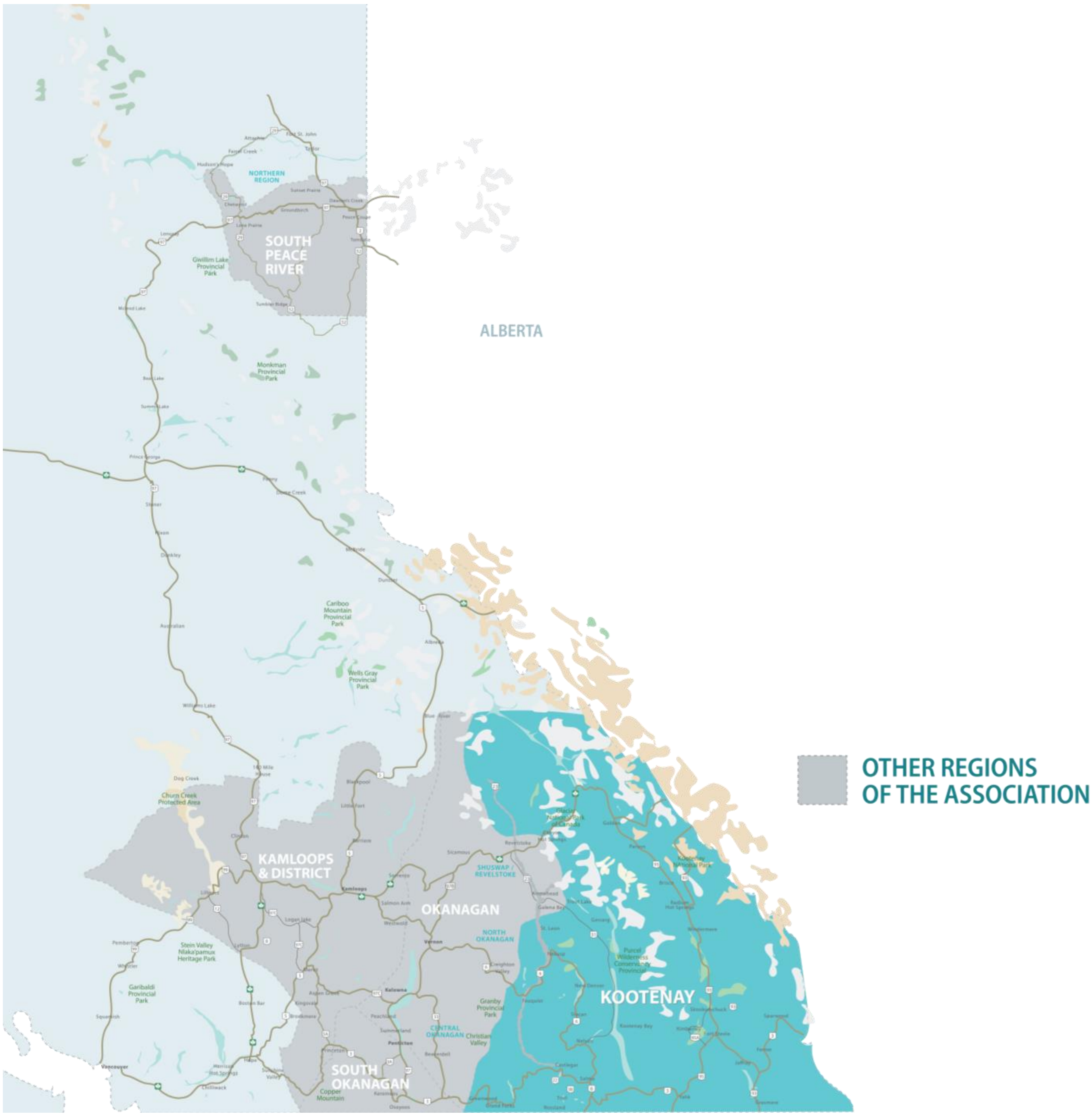
FIGURE 7: HISTORICAL BENCHMARK PRICE BY PROPERTY TYPE



Source: ASSOCIATION OF INTERIOR REALTORS®, Q2 2022

The recent slowdown in activity has allowed for a marginal increase in inventories. However, inventories are perpetually low in the region and this trend is expected to continue. The area is unlikely to spur much new residential development as the challenging topography makes it expensive to build. Overall home values are unlikely to experience large drops, but prices are expected to stabilize with slower yet positive price growth going forward. Despite the recent strong price growth, the region remains a stable, affordable market with diverse regions that do not see the volatile ups and downs of larger centers. This is an attractive trait when people consider relocating.

The local economy is also a source of optimism. The FortisBC gas line upgrade is in its 3rd year as part of a 5-year project. Last year the utility contracted 190 BC-based vendors, with $38.5 million in spending and 37% of that spending happening in local Kootenay communities. The CleanBC Industry Fund has committed funds to upgrading the local pulp mill in Skookumchuck. Local governments, the Kootenay Rockies Tourism Association and Selkirk College have reported serious interest in supporting cannabis tourism to the region and the economic growth that could be seen in an area already known for producing top quality cannabis.



This map is for informational purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

KOOTENAY REGION

SINGLE FAMILY

Sales	663	↓ -15.8%
Average Sale Price	$603,697	↑ 12.6%
Days to Sell	44	↓ -18.6%
Inventory	907	↑ 16.3%

TOWN-HOUSE

Sales	88	↓ -8.3%
Average Sale Price	$434,120	↑ 22.8%
Days to Sell	33	↓ -40.5%
Inventory	81	↑ 17.4%

CONDO/ APARTMENT

Sales	139	↓ -29.8%
Average Sale Price	$322,245	↑ 37.6%
Days to Sell	42	↑ 3.6%
Inventory	172	↑ 1.2%

* Percentage represents change compared to the same period last year
** Inventory as of June 2022

Q2 2022 STATISTICS

Location	Single Family Sales	Single Family Average Price	Townhouse Sales	Townhouse Average Price	Apartment Sales	Apartment Average Price
Canal Flats	3 ⬇ -25.0%	$1,591,333 ⬆ 284.9%	2	$215,000		
Castlegar	39 ⬇ -17.0%	$555,772 ⬆ 16.3%	4 ⬆ 33.3%	$391,400 ⬆ 9.3%		
Castlegar Rural	19 ⬇ -9.5%	$654,289 ⬆ 20.5%			1 ⬇ -66.7%	$369,000 ⬆ 1.8%
Cranbrook	94 ⬇ -17.5%	$475,248 ⬆ 9.4%	8 ⬇ -20.0%	$289,363 ⬇ -4.6%	14 ⬇ -22.2%	$281,986 ⬆ 68.2%
Cranbrook Lakes	20 ⬇ -9.1%	$788,512 ⬇ -2.7%				
Creston	43 ⬆ 10.3%	$468,037 ⬆ 21.9%	3 0.0%	$305,667 ⬆ 4.9%	0 ⬇ -100.0%	$0 ⬇ -100.0%
Creston Rural	36 ⬇ -5.3%	$693,786 ⬆ 24.7%			0 ⬇ -100.0%	$0 ⬇ -100.0%
Elkford	6 ⬇ -53.8%	$352,000 ⬆ 0.5%	1 0.0%	$480,000 ⬆ 166.7%	11 ⬇ -15.4%	$128,684 ⬆ 62.0%
Fernie	27 ⬆ 22.7%	$877,200 ⬆ 3.3%	11 ⬇ -15.4%	$663,909 ⬆ 69.9%	8 0.0%	$428,470 ⬆ 25.2%
Fernie Rural	12 0.0%	$914,417 ⬆ 17.2%	0 ⬇ -100.0%	$0 ⬇ -100.0%	8 ⬇ -46.7%	$608,250 ⬆ 131.1%
Fruitvale	9 ⬇ -18.2%	$609,889 ⬆ 70.7%				
Golden	12 ⬆ 33.3%	$674,735 ⬇ -1.2%	1 ⬇ -66.7%	$479,900 ⬆ 41.6%	2 ⬇ -60.0%	$389,350 ⬆ 9.8%
Golden Rural	8 ⬇ -20.0%	$902,925 ⬇ -0.5%	1 ⬇ -50.0%	$975,000 ⬆ 139.3%	4 ⬇ -20.0%	$367,725 ⬆ 3.1%
Grand Forks	17 ⬇ -5.6%	$488,265 ⬆ 23.5%	3 ⬆ 50.0%	$337,333 ⬆ 61.4%	2 0.0%	$234,000 ⬆ 105.3%
Grand Forks Rural	12 ⬇ -65.7%	$584,083 ⬇ -8.0%				
Grand Forks Rural West	0 ⬇ -100.0%	$0 ⬇ -100.0%				
Greenwood	6 ⬇ -25.0%	$396,817 ⬆ 29.3%				

* Percentage represents change compared to the same period last year

Q2 2022 STATISTICS

Location	Single Family Sales	Single Family Average Price	Townhouse Sales	Townhouse Average Price	Apartment Sales	Apartment Average Price
Invermere	16 ↓ -23.8%	$697,431 ↑ 12.5%	6 ↓ -53.8%	$474,250 ↑ 16.1%	12 ↓ -47.8%	$474,208 ↑ 73.9%
Invermere Rural	34 ↓ -41.4%	$767,222 ↑ 17.9%	15 ↓ -11.8%	$445,370 ↑ 55.0%	15 ↑ 15.4%	$318,533 ↑ 43.2%
Kaslo	8 0.0%	$530,500 ↑ 13.5%			0 ↓ -100.0%	$0 ↓ -100.0%
Kimberley	38 ↑ 22.6%	$515,787 ↑ 22.3%	11 ↓ -21.4%	$289,773 ↓ -11.4%	14 ↓ -6.7%	$311,429 ↑ 30.7%
Kimberley/Cranbrook Rural	4 ↑ 33.3%	$658,750 ↑ 4.5%				
Midway	7	$339,929				
Montrose	6 ↑ 20.0%	$426,500 ↓ -5.4%				
Nakusp	5 ↓ -16.7%	$508,800 ↑ 3.1%	0 ↓ -100.0%	$0 ↓ -100.0%		
Nakusp Rural	8 ↓ -20.0%	$664,875 ↓ -2.3%	0 ↓ -100.0%	$0 ↓ -100.0%		
Nelson	42 ↑ 35.5%	$767,950 ↑ 21.8%	4 0.0%	$548,700 ↑ 8.9%	4 ↓ -55.6%	$504,250 ↑ 10.6%
Nelson Rural	41 ↓ -31.7%	$697,900 ↓ -2.4%	2	$607,450	0 ↓ -100.0%	$0 ↓ -100.0%
New Denver	2	$527,000				
Radium	4 ↓ -42.9%	$639,950 ↑ 18.3%	8 ↑ 60.0%	$400,613 ↑ 23.3%	25 ↓ -32.4%	$170,196 ↓ -10.1%
Rossland	11 ↓ -52.2%	$633,727 ↑ 10.7%	2 0.0%	$675,000 ↑ 63.4%	8 ↓ -20.0%	$617,375 ↑ 85.7%
Salmo	9 ↓ -18.2%	$449,889 ↑ 39.0%				
Silverton	1 0.0%	$559,000 ↑ 74.7%				
Slocan	2 ↑ 100.0%	$769,444 ↑ 52.4%			1	$315,000

* Percentage represents change compared to the same period last year

Q2 2022 STATISTICS

	SINGLE FAMILY		TOWNHOUSE		APARTMENT	
Location	**Sales**	**Average Price**	**Sales**	**Average Price**	**Sales**	**Average Price**
Sparwood	12 -40.0%	$600,417 35.5%	4 300.0%	$175,500 -1.5%	9 -30.8%	$165,000 25.8%
Trail	37 -22.9%	$350,757 -2.1%	2	$672,500	0 -100.0%	$0 -100.0%
Trail Rural	5 -54.5%	$485,280 11.8%				
Warfield	8 0.0%	$477,750 26.9%			1 -66.7%	$209,000 9.0%

* Percentage represents change compared to the same period last year

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