Central Okanagan Real Estate Outlook

Fall 2024

JUROME Real Estate Group

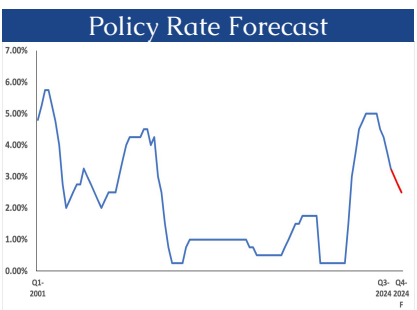
Macdonald Realty

Market Overview

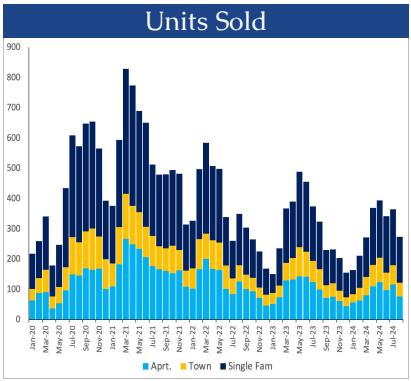
The Central Okanagan real estate market has seen notable changes in the past year as inventory remains elevated and sales activity slows, marking a clear shift toward a buyer's market. Historically, August is a quieter month, with sales typically falling 10% to 20% from the more active spring season, and this year followed that trend. Sales were down 24% compared to July, reflecting both seasonal patterns and the overall cooling of the market. While there may be a slight uptick in activity as we move into the fall, significant recovery is more likely to happen in the spring. In the meantime, we are witnessing early signs of price corrections, with benchmark home prices declining on average 12% year over year across all market segments as sellers adjust to slower demand and increased competition.

Homes priced competitively are still attracting buyers, as the majority of sales in August were for properties listed below the overall average list price. The absorption rate data, particularly in apartments and townhouses, shows a clear preference for lower-priced units, with higher-priced properties moving more slowly in the market compared to 2023. With inventory up significantly over 40% in all segments, the market has become increasingly more competitive for sellers, leading to longer days on market and rising months of supply.

Single-family homes, townhouses, and apartments are all facing similar challenges, with buyer hesitation driven by higher interest rates and affordability concerns. However, buyers remain active in the more affordable segments, where price cuts have created opportunities. As the fall progresses, further price reductions and potential interest rate cuts could increase demand, but the market is likely to remain relatively subdued until interest rates ease further.



The apartment segment experienced the sharpest downturn in August, with just 78 units sold, pushing the year-to-date total to 729 units. This represents a significant drop, with sales falling 33% compared to July and 19% lower on a year-to-date basis. The steep decline is largely due to a large share of apartments being overpriced, which has deterred potential buyers and investors. Furthermore, 87% of apartment sales in August closed below the average listing price, highlighting the widening gap between asking prices and seller expectations.



In August, the townhouse market recorded 63 sales, pushing the year-to-date total to 448 units. This represents a decrease of 27% compared to July, with a 14% drop year-to-date. Buyers showed a clear preference for more affordable townhomes, as those priced below the average listing price had an absorption rate of 14.8%, significantly higher than the 8% absorption rate for townhomes priced above the average. While demand remains modest, these figures suggest that it is heavily influenced by pricing with higher priced properties moving more slowly in the current market.

Benchmark Price

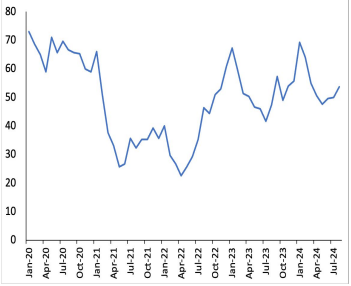
Apartment
$455,172

Townhouse
$723,100

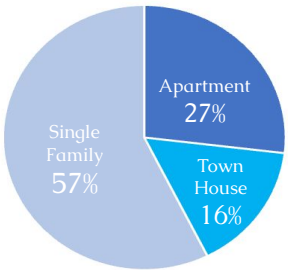
Single-Family
$1,018,100

In the single-family home sector, 152 units were sold in August, marking a 17% decline from July. Year-to-date, 1,213 units have been sold, down 13% compared to last year's numbers. The absorption rate further highlights the market's pricing sensitivity with only 3% of homes listed above the average price of $1.4 million being absorbed. Homes priced below saw a much stronger rate of 12.3%. Despite the ongoing buyer's market conditions, the list-to-sell ratio saw only a marginal decrease of 0.42%, indicating that sellers are largely holding firm on their pricing strategies. Moving forward, we may see prices continue to fall as many sellers will have to lower asking prices in order to sell in a soft market.

Average Days to Sell



Composition of Inventory



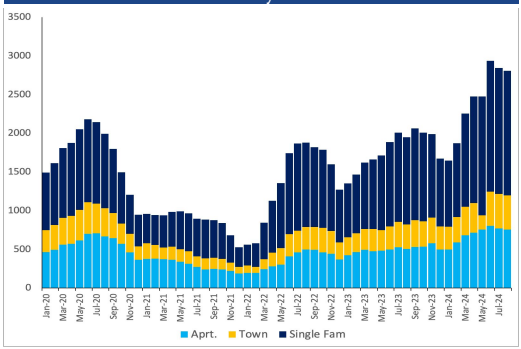
The residential market across all sectors saw a significant rise in inventory in the past quarter with active listings up by 42% overall compared to the previous year.

In the apartment sector, there were 725 active listings, with days to sell averaging 60 and months of inventory increasing to 9.29. The average sale price per square foot remained steady at $473.08.

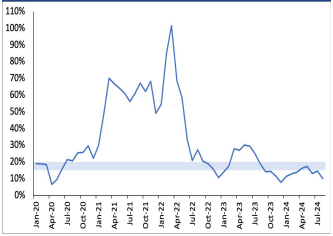
Townhouses had 435 active listings, with an average of 45 days to sell and months of inventory rising to 10.6. The average sale price per square foot for townhouses was $418.26.

Single-family homes saw 1,611 active listings, with days on market extending to 57 and months of inventory reaching 10.6. The average sale price per square foot for single-family homes was also $418.26. Overall, the market is experiencing longer selling times and an increased in inventory in all sectors.

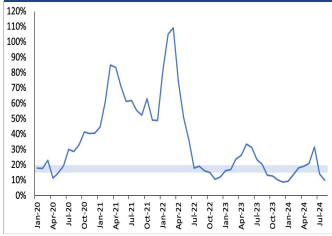
Inventory Count



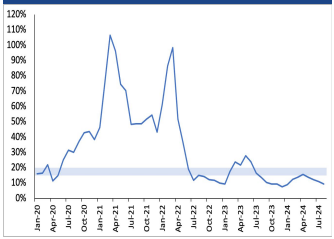
Apartment Absorption Rate



Townhouse Absorption Rate

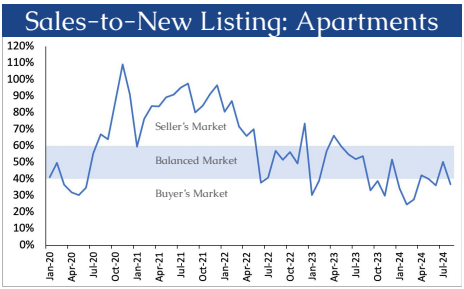


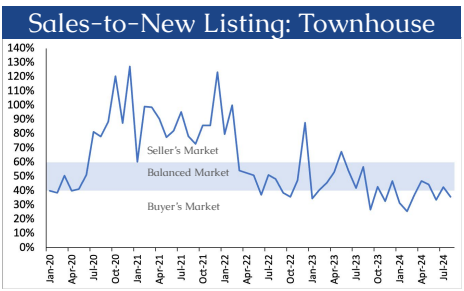
Single Family Absorption Rate

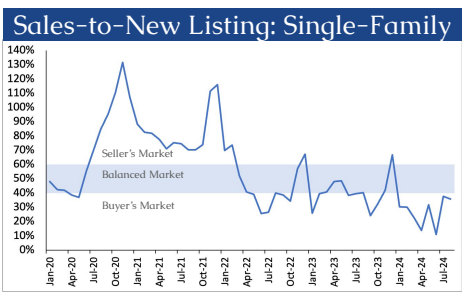


In August, the real estate market saw a variety of absorption rates across all sector, with a common trend of strong preferences for more affordable options. The apartment sector had an overall absorption rate of 10%, with units below the average list price seeing a higher rate of 17%, while those above the average experienced a lower rate of 6.5%. For townhouses, the absorption rate also stood at 10%, but units under the average list price absorbed at a rate of 14.8%, compared to 8% for those above. Single-family homes followed a similar trend, with an absorption rate of 9%, where homes below the average list price had a 12.3% absorption rate, while higher value homes lagged behind at 3%. Moving forward, we may see some price softening for listings that are valued above the benchmark price. However, much will depend on how aggressively the Bank of Canada decides to cut interest rates. Significant rate cuts could stimulate demand with potential to reverse the trending price decline.

Apartment	Townhouse	Single-Family
Units sold under $595,489 87%	Units sold under $850,988 89%	Units sold under $1,490,719 85%
Units sold over $595,489 13%	Units sold over $850,988 11%	Units sold over $1,490,719 15%

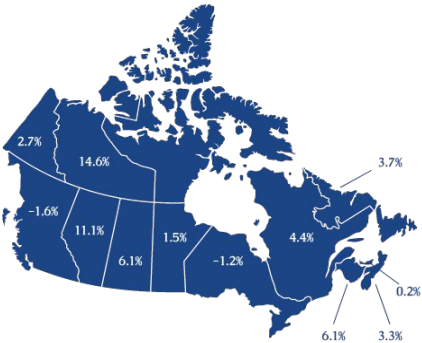






Across all sectors in the Central Okanagan, the Sales-to-New Listing ratio held steady at approximately 35%, further reinforcing the presence of a buyer's market. The slight decline as shown in the graphs above, can be attributed to a seasonally slower August in terms of sales which is typical for this time of year, coupled with an increase in inventory levels. These factors have contributed to a more competitive environment for sellers as buyers gain leverage in the market. At this point in time it is a clear buyer's market.

Change in Benchmark Price

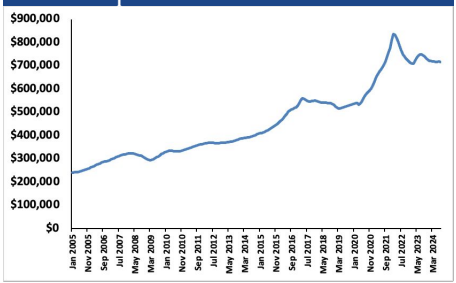


Throughout the summer, similar trends have emerged across the Canadian real estate market. However, there are some notable differences compared to what we've experienced in the Central Okanagan over the past few months. Nationally, unit sales increased by 1.3% month-over-month, while the Central Okanagan experienced a 24% decline in sales. This disparity in unit sales is likely due to the higher value homes that make up a large percentage inventory in the Central Okanagan.

Nationally, home prices have largely remained stable, with the Home Price Index showing no change from July to August 2024. The national average sale price in August came in at $706,915, representing a slight year-over-year increase of just 0.1%. However, regions like British Columbia and Ontario have seen price declines, with B.C.'s average price falling by 1.6% and Ontario's by 1.2%. These two provinces, known for their expensive real estate markets, are experiencing a cooling effect as buyers become more cautious due to affordability concerns and the anticipation of further interest rate cuts. While the national average has remained relatively steady, these declines in B.C. and Ontario highlight how high-value markets are more sensitive to shifts in buyer sentiment. The national sales-to-new listings ratio stood at 53% in August, a figure that reflects balanced market conditions across much of Canada. This ratio has barely shifted since the spring, indicating that while new listings are coming onto the market, they are being absorbed by buyers at a consistent pace.

Despite regional disparities in sales and prices, such as the sharp decline in sales in the Central Okanagan, the overall Canadian real estate market remains stable. As the country anticipates further interest rate cuts, the nation as a whole is holding steady with the potential for increased activity as affordability improves.

Composite Benchmark Price





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With over 43+ years of experience, David Jurome is one of the Central Okanagan's most trusted, top producing REALTORS®. Born and raised in Kelowna, David graduated from UBC with a degree in Urban Land Economics, specializing in appraisals. He is an Associate Broker with a deep understanding of residential homes, condos, luxury properties, farms & acreages. Over the years, David has been involved with project marketing many iconic developments that have shaped our Valley. He also has intimate knowledge with new home construction, commercial properties & Big White Ski Resort. David has a reputation of high integrity & has a proven track record of effectively marketing & selling all types of real estate. Whether it's selling or buying, his versatility of knowledge, adaptability to industry change & his many decades of experience make him an invaluable asset to any real estate transaction!

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Jaxon Jurome is a top-producing residential REALTOR®, Associate Broker, 2022 Top 40 Under 40 Honouree (Kelowna Chamber of Commerce), Master Certified Negotiation Expert (MCNE®), BSc (Earth Science Major, Econ Minor at UBC Okanagan), 2021 nominee for the Canadian REALTORS Care® Award & co-founder of the Jurome Real Estate Group at Macdonald Realty Interior. Coming from 5 generations of business in the Okanagan, Jaxon has been licensed for 7+ years and has been immersed in his family's real estate practice from Day 1! Following in the footsteps of his Father and Grandfather, Jaxon is passionate about his community & has a special gift for helping people buy and sell a lifestyle that is unlike anywhere else in the world! With immense knowledge of the local neighborhoods, acreages, strata properties, luxury homes, Big White Ski Resort, multiple offers, relocations, 1st-time buyers, technology & online marketing, Jaxon has a proven track record of marketing all aspects of residential real estate from Peachland to Lake Country. He has excellent industry connections, is a strong communicator, and enjoys building trusting, lifelong relationships with all of his clients!