



a fresh perspective

September 2020

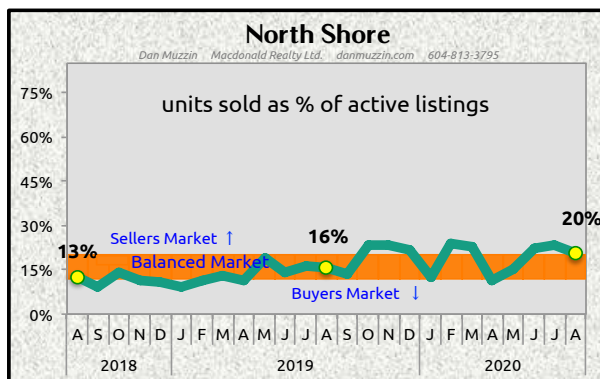
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market update



The Real Estate Board of Greater Vancouver (REBGV) reported total MLS® residential property sales of 3,047 units in August, which represented a 3% sales decrease from July and 37% higher sales than in August 2019. Total residential sales activity for the month for all property-types throughout the metro region, came in at 20% above the 10-year historical average for August. At 12,803 the total number of residential property listings at August 31 was 6% higher than at the end of July, and 4% fewer than at August 31, 2019. At 24%, the metro MLS® sales-to-active-listings ratio lessened from 26% reported as at the end of July. The Home Price Index composite benchmark price for all residential properties in Greater Vancouver is 5% higher than that of 12 months ago and 3% higher than 6 months ago.



North Shore home sales in August, at 313 units were 6% lower than the 333 properties sold in July, and 34% more than the 233 sold in August 2019. The sales-to-active-listings ratio on the North Shore slipped to 20%, from 23% in July, reflecting 26% higher-than-normal total sales for August and 14% more listings than the average # of properties for sale as at the end of August (*details on page 7*). The North Shore detached homes that sold in August took an average of 10 weeks to sell, two weeks quicker than the 12 weeks it took for those that sold in July, and seven weeks fewer than the 17 weeks it took for

detached homes that sold in August 2019. At August 31, there were 1,530 North Shore properties for sale on MLS® or 6% more than the 1,438 listings at the end of July, and 4% more than the 1,471 units for sale at August 31, 2019. Benchmark prices of detached homes are higher by almost 10% in North Vancouver and in West Vancouver they are higher by 6%, from 12 months ago.

As prices and market conditions can vary dramatically by neighbourhood, feel free to call Dan to better understand how the market is doing where YOU live. For the entire August 2019 REBGV market report, visit www.danmuzzin.com/news.html.



money laundering in BC real estate

In April 2019 the Expert Panel on Money Laundering in BC Real Estate ("the Panel") presented its report *Combating Money Laundering in BC Real Estate* to the Minister of Finance. Now, as it was then, money laundering in BC real estate is an urgent matter. One of the Panel's conclusions...

"Money laundering significantly damages our society and causes ongoing harm, not limited to the real estate sector or other economic sectors. Money laundering is a contagious, corrupting influence on society, damaging the reputations and stability of professions and institutions needed to enable complex money laundering schemes and spreading that damage throughout civil society. It facilitates other criminal activities, contributing in particular to drug trafficking and the violent crime and opioid deaths that result, as is sadly so evident in BC. It deprives the public and public services of the benefit of taxation revenue. It affects real estate markets and contributes to the housing affordability problem."

The purpose of money laundering is to take the dirty proceeds of crime and launder the money to make it available for legitimate purposes without it being linked back to a specific crime or a known criminal. The purpose of anti-money laundering (AML) legislation and regulations is to disrupt that process, ultimately reducing crime and its influence on the legitimate economy and society.

The AML literature has identified three "phases" of money laundering to help people understand money laundering and develop AML techniques.

For a free copy of the Panel's report, click on the link below, or call Dan.

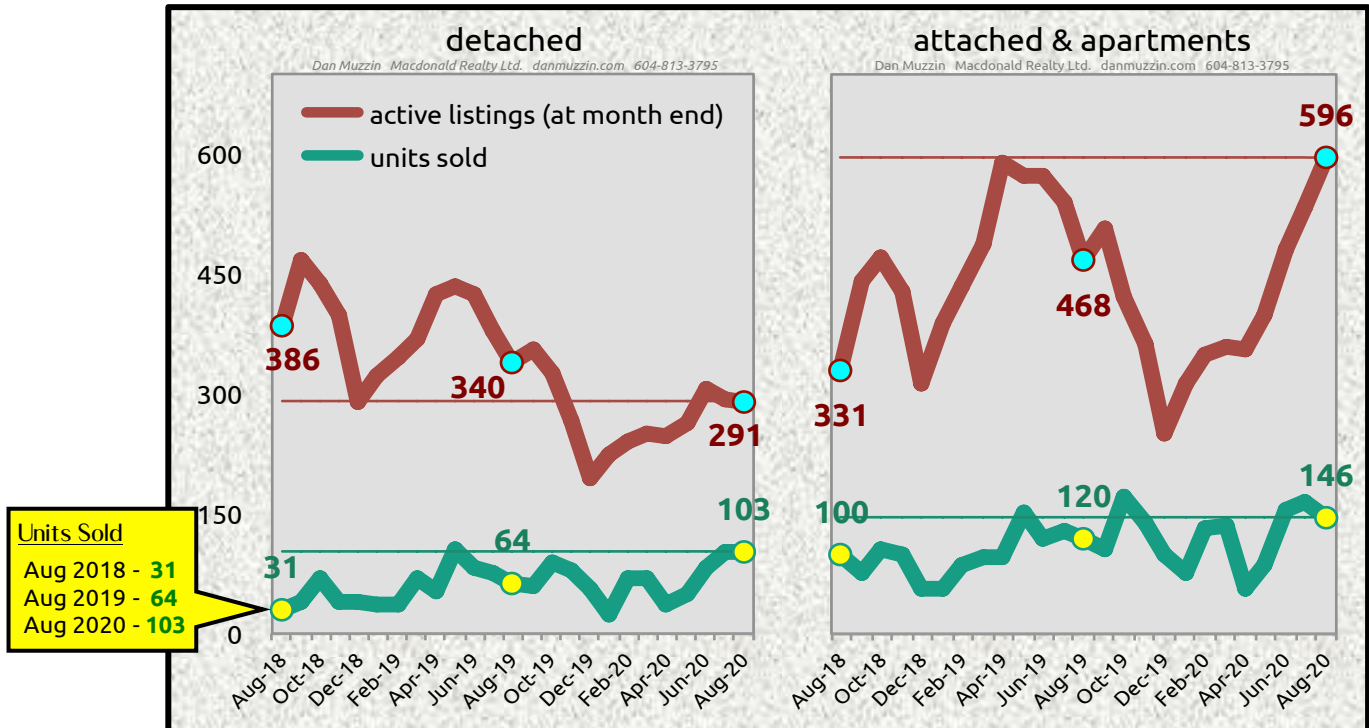
<https://www2.gov.bc.ca/gov/content/housing-tenancy/real-estate-bc/consultations/money-laundering>

Real estate transaction	Money laundering phase
Purchase real estate without a mortgage to earn rental and capital gains income using a corporation or nominee owner, sometimes with a subsequent resale	Integration/extraction – This is a way to extract legitimate income from an asset purchased with proceeds of crime that have already been justified.
Purchase real estate with a relatively high loan-to-value ratio mortgage, using a corporation or nominee owner and an unregulated private mortgage lender, sometimes with a subsequent resale	Placement and layering – Such a transaction can leverage money being layered, and mortgage payments can be a way to place dirty money, especially if the lender will accept cash for debt service payments.
Purchase real estate with a low loan-to-value ratio mortgage, using a corporation or nominee owner and a regulated mortgage lender, sometimes with a subsequent resale	Layering, justification and integration/extraction – This type of transaction could justify the asset if the equity in the purchase has already been layered and the source of funds to pay the mortgage is not a consideration in lending. It can generate rental and capital gains income for extraction.
Purchase real estate or a business owning real estate to conduct criminal activity, sometimes combined with legitimate business activity	Placement and integration/extraction – Regardless of the structure of the purchase, the purpose of the transaction includes using the property to conduct criminal activities and thus generate profits. It can also provide opportunities to combine dirty money with legitimate business cash flow.
Abort an accepted offer to purchase before closing	Placement, layering and justification – The return of money deposited to the trust account of a lawyer, notary or real estate agent increases the legitimacy of the transaction and makes the money harder to trace back to the crime.
Invest in mortgages	Layering, justification and integration/extraction – Mortgage investments provide a combined interest and return-of-capital stream of funds that appears legitimate. Buying and selling investments in a mortgage lending scheme, whether a mortgage investment corporation, syndicated mortgage or other vehicle, combined with other types of asset purchase and sale transactions, can be layering activity.

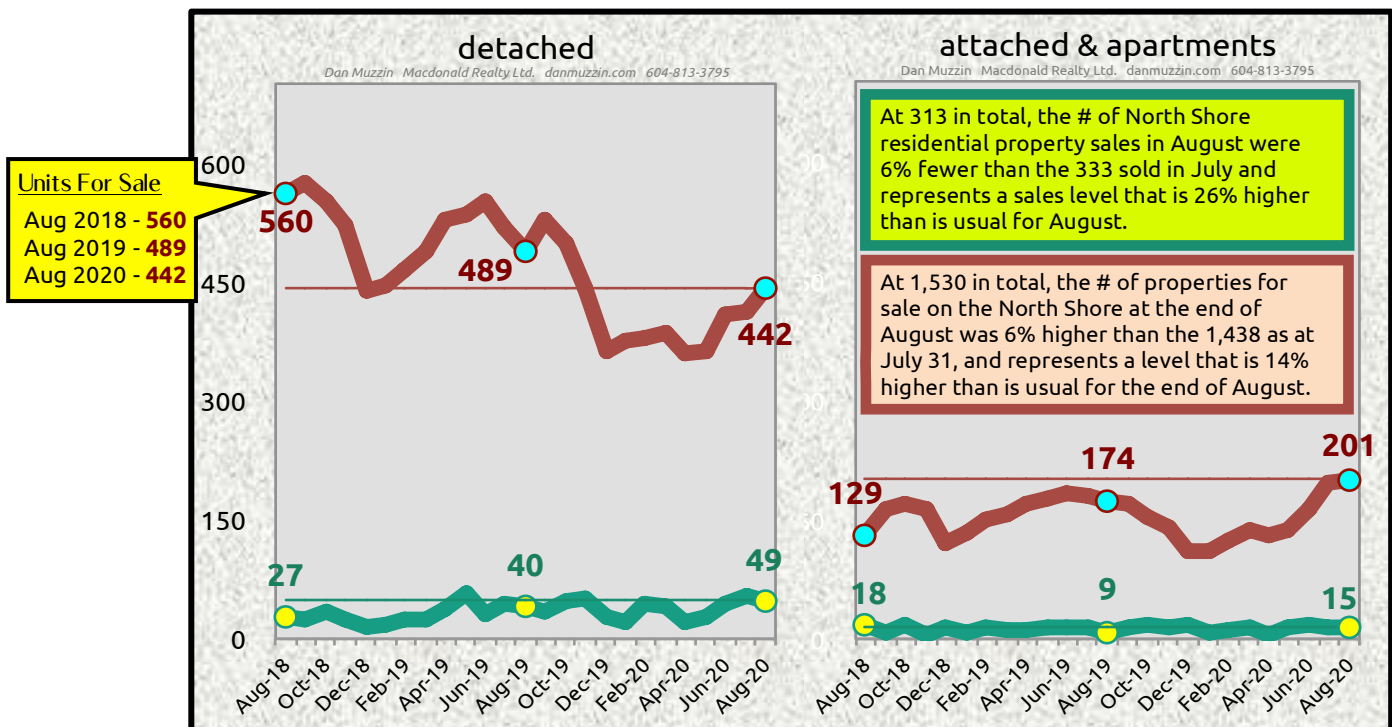


The following charts show the inventory of North Shore homes for sale on the last day of each month from August 2018 to August 2020, and the sales for each month.

North Vancouver



West Vancouver

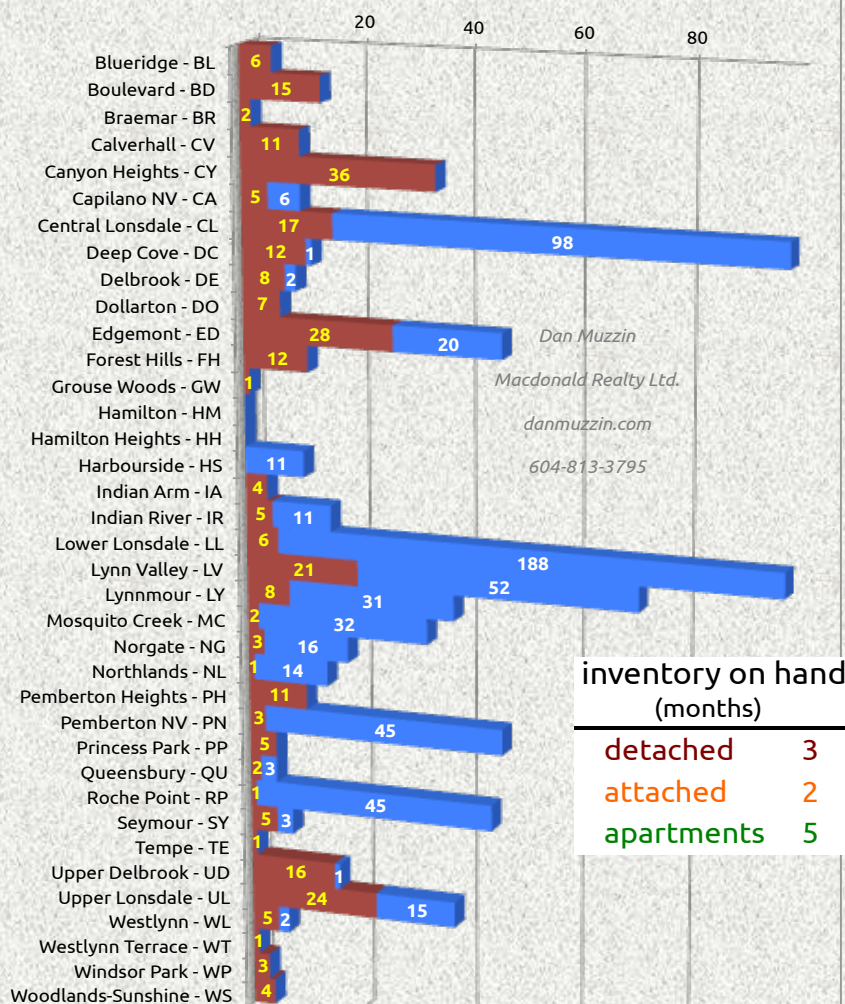




of North Shore properties for sale at August 31, 2020 (on MLS®)

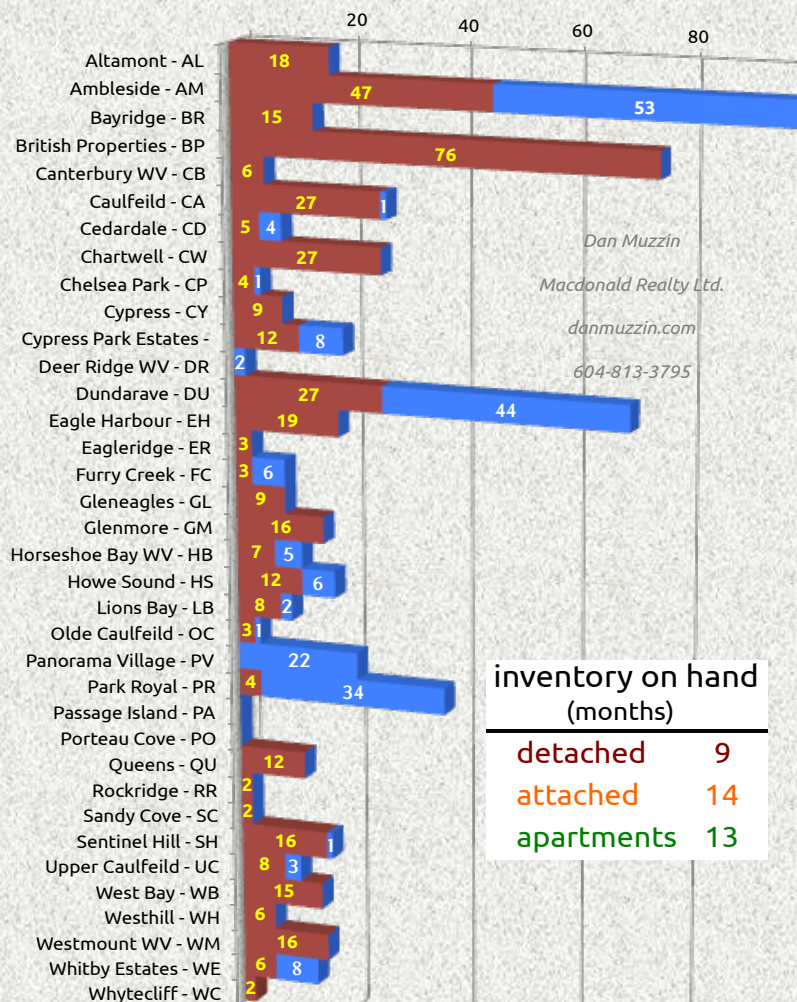
North Vancouver

■ detached (291) ■ attached & apts (596)



West Vancouver

■ detached (442) ■ attached & apts (201)



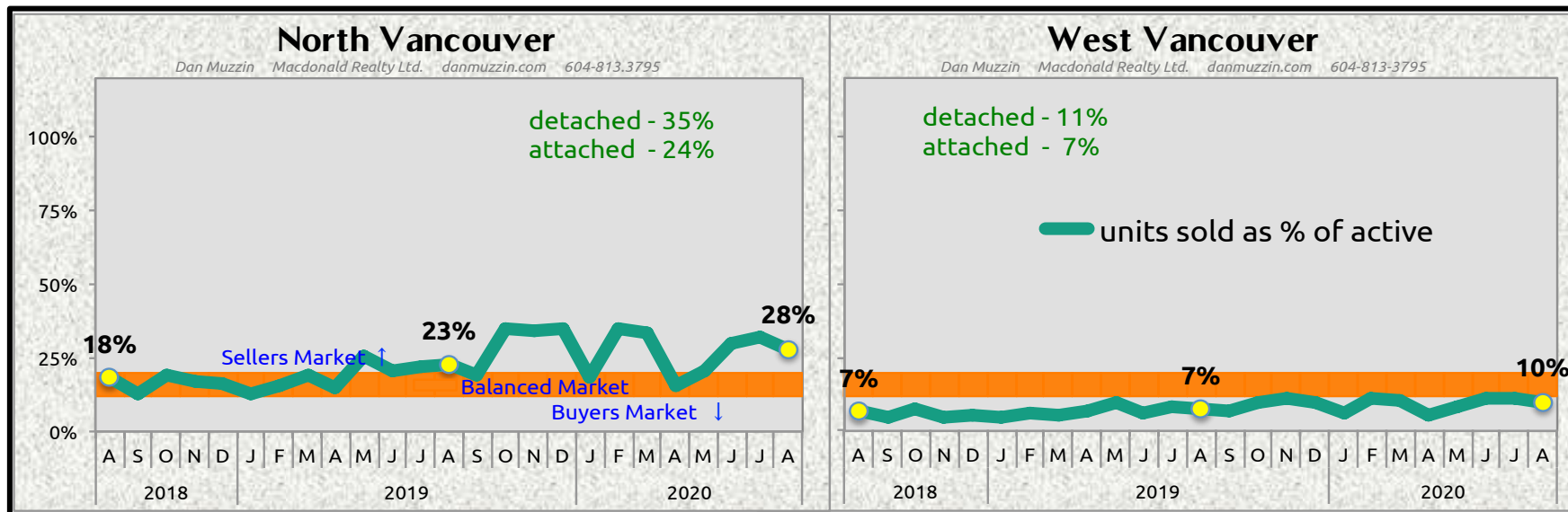
selected sales details



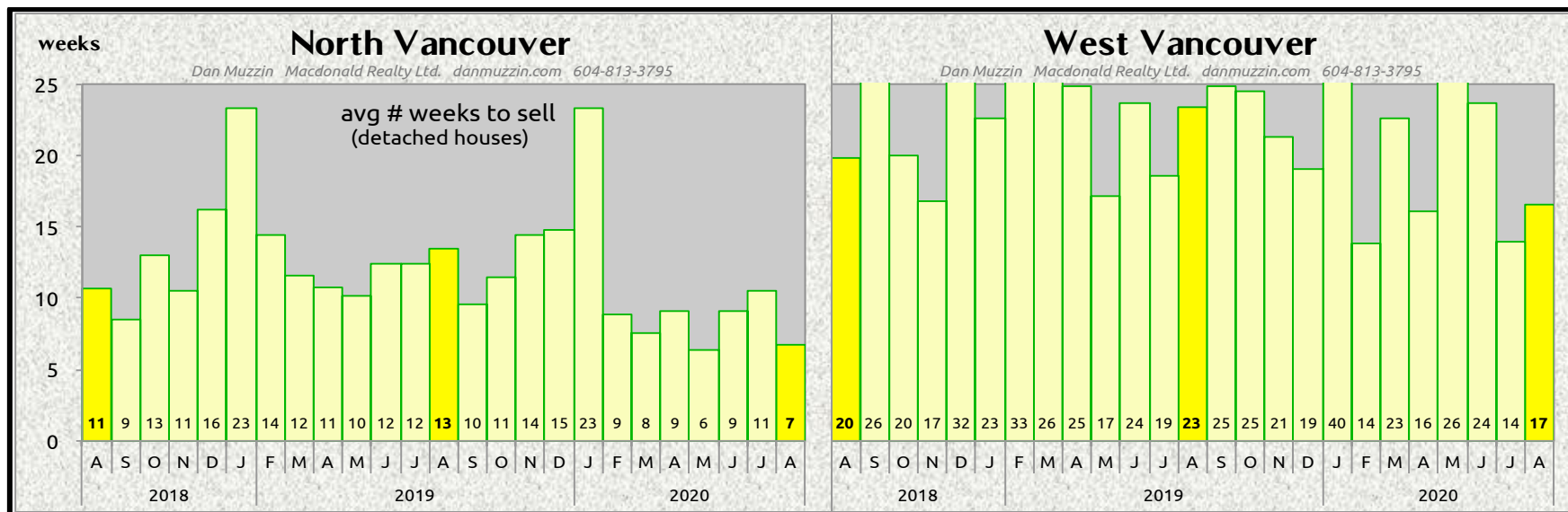
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properties sold during the month, as a % of properties for sale at end of the month



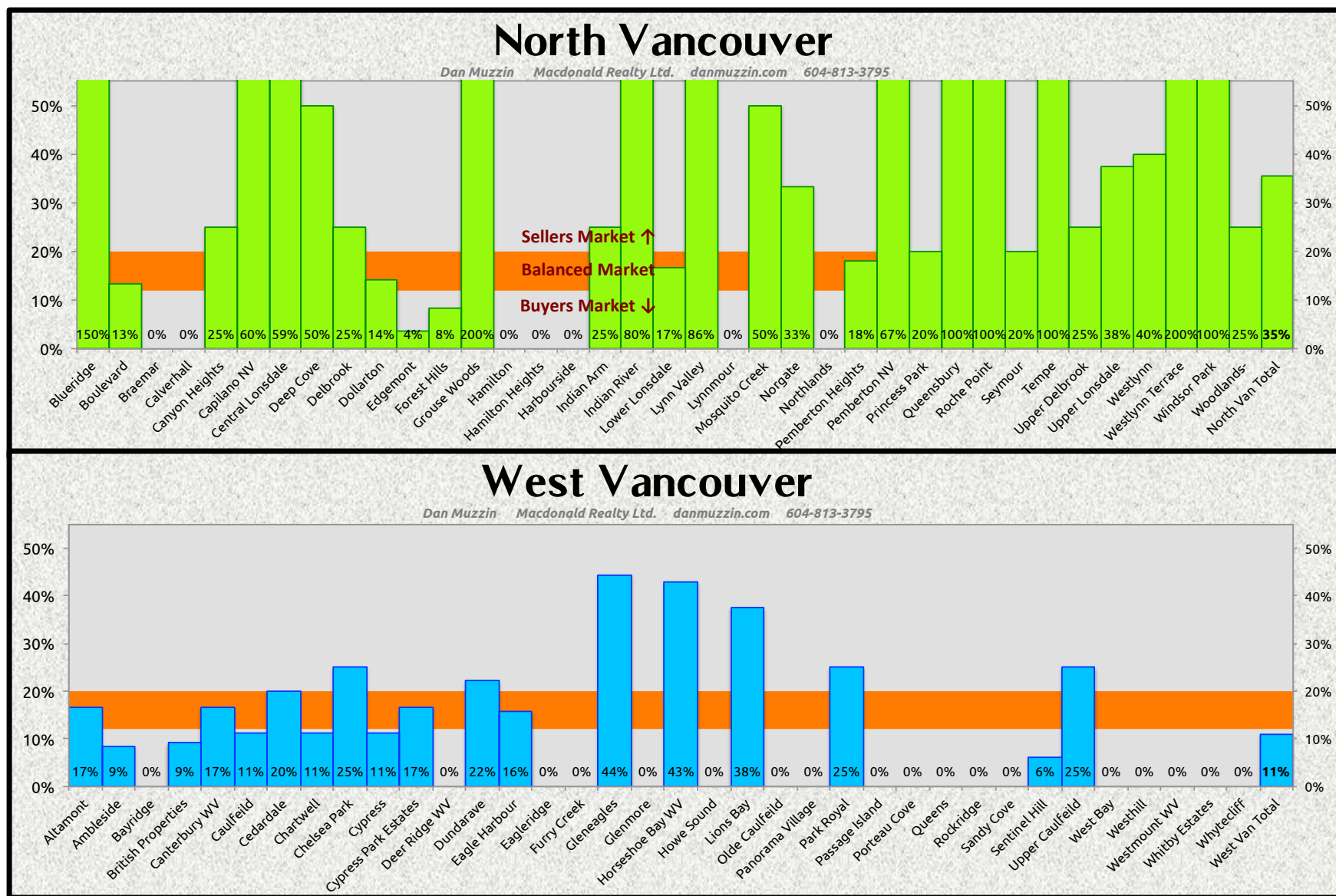
average # of weeks it took for detached houses to sell





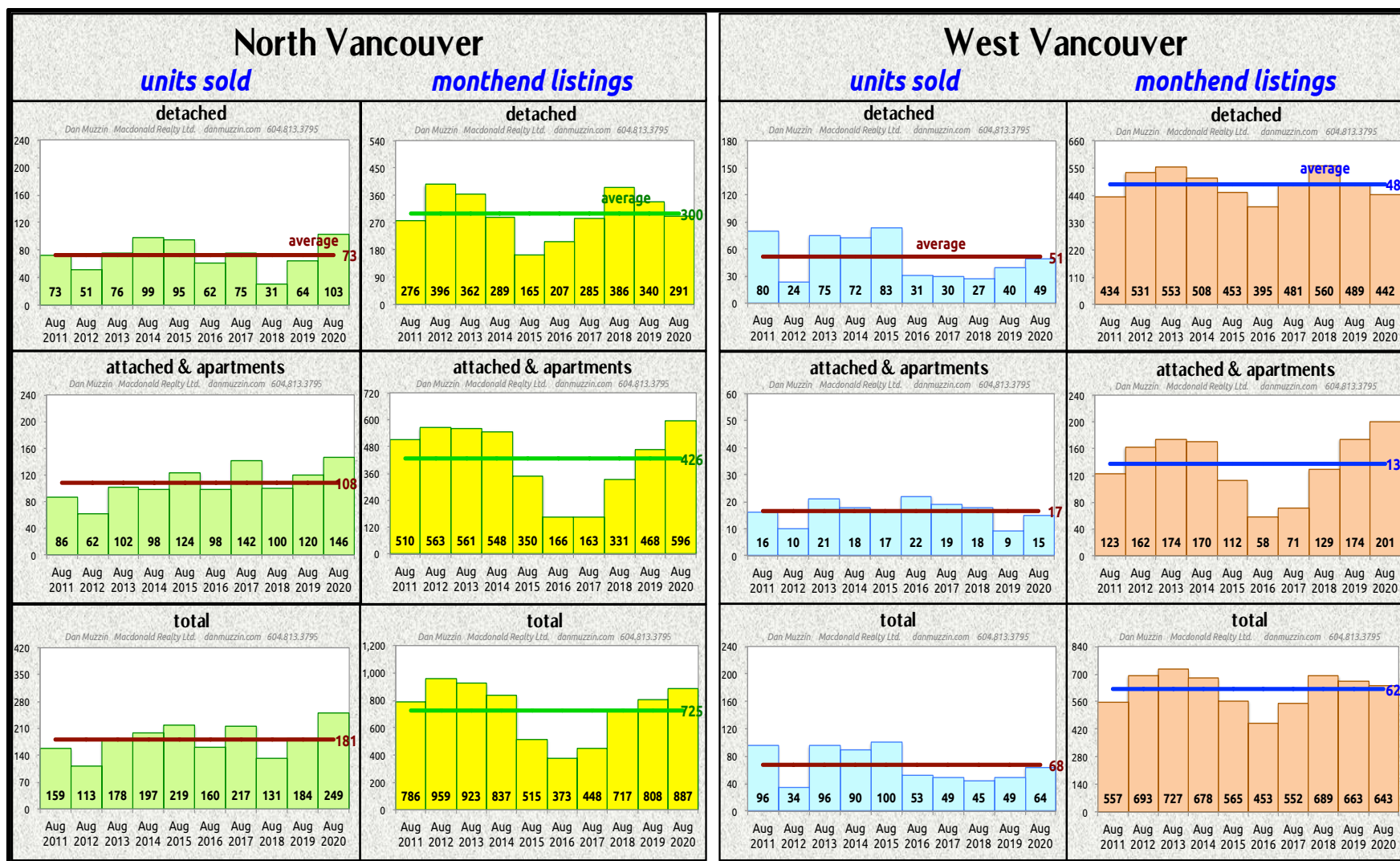
do housing conditions in your neighbourhood favour sellers, buyers or are they in balance?

single-family detached houses sold in August 2020, as % of the number of houses for sale at August 31, 2020





compare 2011 – 2020 Sales and Listings for the month of August



selected sales details

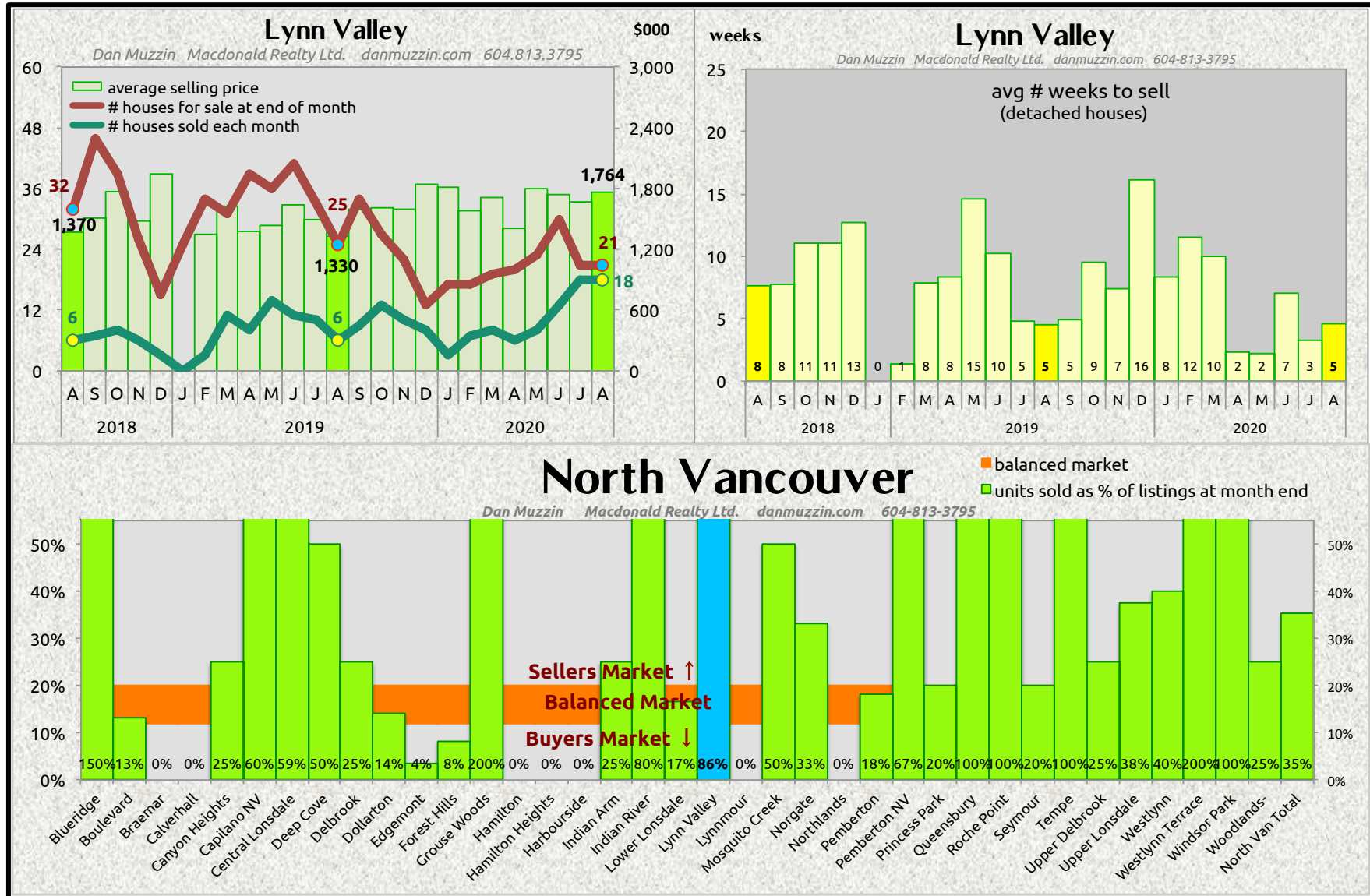


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Lynn Valley housing snapshot – August 31, 2020

For a housing snapshot of **your** neighbourhood ...call Dan



sales details for selected North Vancouver neighbourhoods



■ average selling price
 — # houses for sale at end of month
 — # house sales for month

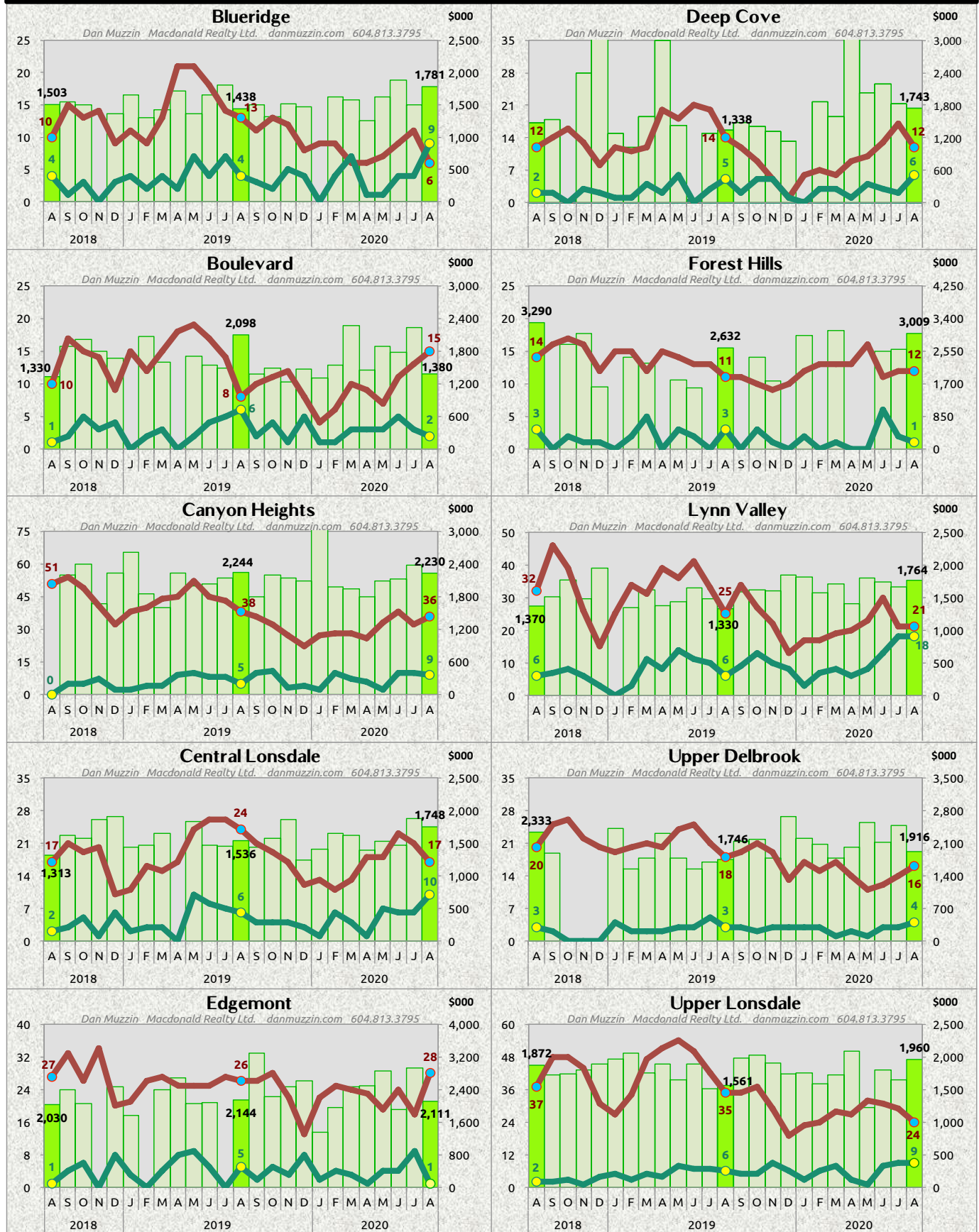


chart data obtained from Real Estate Board of Greater Vancouver

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sales details for selected West Vancouver neighbourhoods



■ average selling price
 — # houses for sale at end of month
 — # house sales for month

