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PRESS RELEASE

Real Estate Sector Issues Joint Statement Addressing Current Housing Market Trends

Joint statement:

The British Columbia housing market is currently experiencing a heightened level of activity, leading to increased competition and a trend of prospective purchasers submitting unconditional offers, at times without having financing secured. In a competitive market it is also important that consumers continue to focus upon the due diligence associated including home inspection, insurability, and strata documents (if applicable), etc.

The British Columbia Association of the Appraisal Institute of Canada (AIC-BC), the British Columbia Real Estate Association (BCREA), the Canadian Mortgage Brokers Association of British Columbia (CMBA-BC), and the Mortgage and Title Insurance Industry Association of Canada (MTIAC) have been watching these recent trends with concern.

A number of factors – including record-low interest rates, demand outweighing supply, and the unique societal and financial impacts brought on by the COVID-19 pandemic – have led to these current practices, which introduce increased risk for buyers and sellers alike.

Collectively, our organizations and our members – which include appraisers, REALTORS®, mortgage brokers, and mortgage insurers and title insurers – are committed to ensuring the public can continue to have full confidence in a real estate transaction.

We encourage consumers to be well-informed in their approach to any real estate transaction. We recommend seeking advice from the professionals they work with, and understanding the risks associated. Our organizations are working together to share knowledge and educate our memberships about the emergent risks of the current market conditions, and to support them and their clients in mitigating this risk.

Within the real estate sector, the Real Estate Council of BC (RECBC) recently issued a press release in cooperation with the Office of the Superintendent of Real Estate (OSRE) encouraging British Columbians to be aware of potential risk and do their research before making an offer on a home. See release here: <https://www.recbc.ca/about-us/media/news/heightened-market-activity-prompts-real-estate-regulators-caution-consumers>

To help amplify these efforts, the BCREA is introducing additional resources for REALTORS® including ***a new standard form to serve as a buyer’s acknowledgement of information which will add additional transparency to a real estate transaction and put additional focus upon educating the potential buyer and professional advice. We have also introduced a form guide and toolkit to support Realtors in integrating its use in transactions.***

Quotes:

Christina Bhalla, Executive Director, British Columbia Association of the Appraisal Institute of Canada:

“One of the core elements of a healthy and balanced real estate market is a systematic approach and commitment to reliable property valuations. An unbiased opinion of value helps consumers make informed decisions when dealing with real property matters.

AIC-BC appraisers have no vested interest in the outcome of a transaction or in the value of a subject property and must adhere to professional standards and ethics in their practice.

Appraisals contain important information about the market and help to detect market manipulation, inflated prices, mortgage fraud, and other suspicious or abnormal activity.

Wherever possible, a professional appraisal report should be used as a tool to help mitigate risk and to protect consumers and the economy. Visit www.aicanada.ca for more information and to [Find an Appraiser.](#)”

Darlene Hyde, Chief Executive Officer, BC Real Estate Association:

“As a result of the current housing market conditions, Consumers are facing challenging circumstances. We understand the pressures both buyers and sellers are facing, and we encourage consumers to seek a clear understanding of the risks associated with these emerging trends by talking to your REALTOR®, and other professionals when advised. BCREA,

in conjunction with the province's ten real estate boards, are working with BC's 23,000+ Realtors to raise awareness of these trends, their impacts and the associated risks and to support them as they continue to serve their clients."

Samantha Gale, Chief Executive Officer, Canadian Mortgage Brokers Association – British Columbia:

"Purchasers who enter into unconditional offers without sufficient committed financing to complete their purchase risk losing their deposit and being sued for damages if they are unable to complete. Purchasers may experience challenges in obtaining financing in a rapidly escalating real estate market due to the property appraising lower than the contract price, not being able to secure property insurance or not qualifying for the necessary financing, which has become more onerous during COVID. We urge prospective purchasers to speak to a mortgage broker as soon as possible to obtain appropriate financing advice."

Randal Slavens, President and Board Chair, Mortgage and Title Insurance Industry Association of Canada (MTIAC):

"Rapidly appreciating housing markets may make it increasingly difficult for borrowers to qualify for a mortgage. MTIAC reminds all parties to a real estate transaction to protect themselves by being honest and accurate at all stages of a purchase or sale. Make sure you fully understand your risks and responsibilities every step of the way and always report any suspected fraud attempts to the appropriate authorities."

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