

Re/Max founder credits Canada

By J.P. SQUIRE
Special to The Herald

KELOWNA — The founder and chairman of the board of Re/Max International had nothing but praise for the Canadian government and its lending policies on Monday.

Dave Liniger from Colorado also had reassuring words for 100-plus realtors at a broker, owner and manager retreat in Kelowna hosted by Re/Max Western Canada, despite dismal news on housing starts from Canada Mortgage and Housing Corp. the same day.

"Canada is much more fortunate than we are," Liniger told *The Kelowna Daily Courier* and *Penticton Herald* in an interview.

"You've got some sanity in your government, a lot of common sense, and some good government regulations in your mortgage lending market that unfortunately, we threw away for a few years. It will never happen again in our lifetime, I promise you. Nobody's that stupid," he said.

"Your foreclosure rate is minuscule compared to what we're finding. Basically, the problem you are having in Canada in residential real estate is your market was just overheated."

There was so much demand that

prices were pushed up, he said.

"And the higher you go up with prices, the more people you price out of the market and housing affordability takes a step backward."

On Monday, CMHC reported that housing starts in Kelowna fell 90 per cent in May, from 397 in May 2008 to 38. Penticton was down 79 per cent, 43 to nine, and Vernon was down 56 per cent, 48 to 21.

"Demand for new homes has since cooled off in response to strong price competition from a well-supplied existing home market," said CMHC analyst Paul Fabri.

"Rising inventories of new, completed and unoccupied homes have also contributed to fewer housing starts this year."

Liniger said the statistics aren't much to worry about.

"Despite what the realtors think here, you're having a moderate and a very light correction that will probably last for maybe another six months or a year, depending on what happens with your employment," predicted Liniger.

"But for the most part, this should be a welcome correction so that you don't get so superheated like we did in the U.S."

U.S. owner-brokers have learned a

lot from their Canadian counterparts, he admitted.

"A lot of people think that the U.S. leads in so many things. But you had adjustable-rate mortgages and short-term mortgages 20 years before the U.S. did. And so we have learned an awful lot from Canadians and our Canadian operation for Re/Max."

The CMHC numbers also showed that Kelowna single-detached housing starts were down in May from 76 last year to 34 while Penticton was even at nine in both Mays. Vernon was down 30 to 11.

Housing starts for the first five months of the year showed Kelowna down 91 per cent from 2008: 1,631 to 138; Penticton down 71 per cent, 99 to 29; and Vernon down 47 per cent, 194 to 102.

"Condominium construction starts boosted housing starts to record levels during the first five months of 2008," noted Fabri.

In multiple starts for the first five months of each year, Kelowna went from 1,258 to 30, Penticton 63 to eight and Vernon 76 to 68.

Nationally, housing starts increased to 126,400 units in May from 117,600 in April while in B.C., they slipped to 9,400 from 9,900 due to volatility in the multi-family sector.



Dave Liniger



Liniger has harsh words for U.S.

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