

RESIDENTIAL OUTLOOK Experts argue the current real estate lull may not last long in British Columbia

“Be bullish, not foolish”

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Backdropped by a sales slump in British Columbia's residential market, expert speakers at **Ozzie Jurock's** 14th annual Real Estate Outlook 2007 conference were adamant that the smart money is buying, not running.

Real estate consultant Jurock told the conference that he sees a window of opportunity for investors this winter in specific market segments.

“We are bullish, not foolish” Jurock said, “I would not personally buy a Vancouver pre-sale condominium because we are clearly at the end of that cycle. But I would buy cash-flowing properties anywhere.”

Jurock noted that new home sales in Greater Vancouver are down 45 per cent this year compared with 2005 and resale homes are off 29 per cent across the Lower Mainland, “and the same thing is being seen right across the province.” Yet, he noted that B.C. has the lowest unemployment in years, a huge inflow of people, strong capital investment, plus low mortgage rates and easy financing.

“Opportunities abound in B.C. this winter,” Jurock said. He especially likes northern towns, such as Prince George and Quesnel, where prices are relatively low and the resource sector is booming.

“The reality is there are no good or bad markets, there are only the good or bad deals you personally make,” he told a crowd of 600.

Jurock believes investors should welcome the current residential market, which is characterized by a sharp rise in listings and a slowdown in sales. The environment allows astute buyers to take their time, and negotiate, to unearth true bargains.



Outlook 2007 conference drew 600 potential investors. RIGHT INSET: Ozzie Jurock: “Opportunities abound.” LEFT INSET: Rick Valouche, president of the Real Estate Board of Greater Vancouver: “I don’t see any sign of a bubble bursting.”

Condo market

For **Rick Valouche**, president of the **Real Estate Board of Greater Vancouver**, the bargains today are on the eastern edge of downtown Vancouver.

Valouche dismissed media speculation that the Vancouver market is crashing just because 2006 sales are down from 2005. Last year, he notes, was a record-smashing year for residential sales. He explained that September, for example, registered 2,500 MLS sales in Greater Vancouver, the second highest on record with the exception of September 2005 when 3,300 homes were sold.

“Historically, September sales have averaged 1,500 units,” he said, “so I don’t see any sign of a bubble bursting. We are seeing incredible increases in values even as sales slow down.”

While listings are accelerating, Valouche said the current inventory of 14,000 homes for sale in Greater Vancouver remain stalled about 4,000 units below what it should be to create a “balanced market,” where buyers have

a chance to look at three or more similar properties before they decide.

Valouche noted the appreciation of Vancouver downtown condos over the past year: the north shore of False Creek is up 18 per cent to an average this September of \$714,178; Coal Harbour values are 13 per cent higher to \$559,834; the West End is up 23.6 per cent to \$404,525; and the downtown average condo price is up 16 per cent to \$379,685.

“Typical square foot price for a Coal Harbour townhouse is now \$1,400,” he said, “a penthouse will sell for \$2,000 per square foot.”

Valouche said rising construction costs have driven the price to build a new condominium to \$700 a square foot in Vancouver, a new benchmark, up from \$520 per square foot just a year ago.

Still, he estimated that, based on pre-sales, 99 per cent of the 2,072 condos that will be built this year are sold; 94 per cent of the 2,905 units that will complete in 2007 are pre-sold; and close to three-quarters of the 2,500 condos

that will complete between 2008 and 2009 are also sold.

Valouche conceded that it might be difficult for an investor to buy a new condominium in downtown Vancouver and expect the rent to cover the monthly costs, creating a positive cash flow. But, he added that there is high rental demand and low vacancies right across the city.

Valouche cited the Woodward’s building – where more than 500 condos pre-sold in a few days earlier this year – as an example of smart investing. The landmark development, he said, is the beginning of a radical transformation of the Downtown East Side, into what he calls “the next Yaletown.” According to Valouche, at least 12 new condo buildings are planned for the Downtown East Side.

“The average price of a condominium in the East Hasting market is \$280,900,” he said. “That is good value in Vancouver today.”

Valouche also pointed to the Mount Pleasant neighbourhood, where condominium prices have increased 24 per cent in the past year. New development along the south shore of False Creek and Canada Line transit corridor, both linked to the 2010 Olympics, make the area prime for future appreciation, he said.

Easy financing

A key advantage for residential investors is unprecedented access to money, according to speaker **Ralph Case**, president of **Meridian Canadian Mortgages**. Case noted that it is possible to buy with no money down, even from major banks. Some alternative lenders even offer 103 per cent financing so buyers can cover closing costs; mortgage amortizations can now run for 35 to 40 years, and mortgage rates remain low. “There are some fantastic mortgage products now.” Case added that one lender even has a “stated income” form that requires no other verification of income. ♦