

COVER B.C. vacation deals heating up as listings increase and demand cools for recreational real estate

Selling hard in a buyers' market

FRANK O'BRIEN

WESTERN INVESTOR

Rudy Nielsen says a buyers' market has taken hold in British Columbia's recreational market. **Garth Turner** says it is the sign of an apocalyptic crash in vacation home values. But even without cautions from, respectively, the most successful recreational land speculator in the province and a former federal finance minister, it is easy to feel a chill in B.C.'s cottage country this summer.

The signs include a rash of failed or troubled resort projects from Vancouver Island to the Okanagan, rising fuel prices,

competition from cut-rate U.S. resort towns, a spike in property listings and a lack of buyers.

A signal of how the market has changed – and the potential deals that Nielsen and others say are now emerging – was seen during a live auction of five luxury condominiums in Parksville this June.

The unreserved **Ritche Bros.** auction was set up to sell the last five units in the luxury Onyx at Craig Bay development. About 200 bidders participated through an online hook-up, according to Ritchie, but only 25 were on site when the bidding started. One 1,095-square-foot one-bedroom-and-den condominium sold for \$280,000, about \$200,000 below what similar-sized units at Onyx were listed for on MLS; the other four went for prices from 30 per cent to 40 per cent below what similar units sold for a year earlier.

"Fewer people are looking at buying a recreational property, resulting in slower sales, an increased number of listings on the market and prices that are only slightly higher or flat compared with a year ago," concluded a national

study of the recreational market by **Re/Max.**

Garth Turner, minister of Parliament and author of *The Greater Fool*, *The Troubled Future of Real Estate*, is more blunt in his assessment. "Recreational and cottage properties are always among the first casualties of a real estate meltdown. The reason is simple — people in a financial bind try to sell off the secondary property first. But the odds are higher this time, since many cottage buyers borrowed against the inflated equity in their city homes to get their rural retreats. Now, with all housing about to deflate in value, they are left with debt, and second thoughts. Good news, though, if

"This breather in the market opens up opportunities for those looking to buy."

you're a buyer - get them to throw in the boat," Turner said in a *Globe and Mail* interview.

Confidence in B.C.'s recreational

market was further shaken this year, as at least six resort projects ran into trouble, despite having presales in place. (See sidebar.)

Time to buy

For nery Nielsen, president of **Niho Land and Cattle Country of New Westminster**, these are all signals for buyers to rush into, not out of, the action.

"This breather in the market opens up opportunities for those looking to buy recreational real estate," Nielsen said. "There is less pressure pushing up prices. Buyers can consider areas that were unaffordable just a few years ago."

Li Read of **Re/Max** on Salt Spring Island agrees. Read said it is possible now to buy view acreages on the island – where waterfront homes average more than a million dollars – for less than \$100,000 an acre, a price point that may have had buyers drooling 18 months ago.

One example is a five-acre view property now listed at less than \$500,000. Read has other listings: three acres with a roughed-in building site for \$399,000; and a 9.6-acre view site in



an area of high-end homes for \$515,000. Ideal buyer, she said: a spec home builder with his or her own crew.

Okanagan

"Buyers are shopping harder. They looking for deals, and they are finding them," said **Leona Snider**, president and CEO of the Rise, a 735-acre golf, winery and residential resort in Vernon by **Okanagan Hills Development Corp.** It is a \$1 billion development that will take at least eight years to build out. About 200

Calgary-based Ken Delf, developer of **Painted Boat waterfront development at Pender Harbour: fractional real estate is more affordable, he says. LEFT: Mara Lake: Rush of developments offer choice of deals in the Shuswap Valley.**

properties have been sold to date.

The Rise golf course, designed by **Fred Couples**, wowed visitors during its opening in June, including **Calgary Flames** captain **Jarome Iginla.**

According to Snider, perhaps the best goal in the Rise is an 800-square-foot lakeview cottage in a vineyard, from \$349,000. There are also estate lots with prices to \$1 million, but Snider said most buyers are looking for built property. This fall, a package of townhomes and condos will be offered along the golf fairways, but prices have not yet been set.

The Shuswap is the next Okanagan area to see a rush of new developments. The top project is the Legacy at Mara Lake by **Sable Developments.** The \$100 million complex on three acres has 400 feet of private beachfront

Please see Listings up page B8

LISTINGS UP from B7

access. Phase 1 consists of 65 luxury homes, with prices from \$339,000 for one-bedroom units.

Other new properties in the Shuswap include Hummingbird Beach Resort, a low-density cottage community with a mix of beachfront townhomes, detached cabins and creekside cottage sites on Mara Lake. Prices start around \$250,000.

There is certainly plenty of new product to look at.

Redkey.ca, an Okanagan-based online listing service, has 245 new condo and townhome developments profiled on its site, including 31 in the Shuswap/Kamloops area alone, according to company co-founder **Dave Cartwright**.

Fractionals

Calgary-based developer **Ken Delf** sees the future of B.C. recreational real estate in fractional property, such as his Painted Boat resort at Pender Harbour on the Sunshine Coast.

A quarter-share, he explains, starts at \$209,000 and allows an owner three-month annual access to a large, luxurious waterfront home in an amenity-rich community with a marina. When not in use, the home can be placed in a rental pool, in this case managed by **Canadian Rocky Mountain Resorts**. "Fractionals are the future in vacation homes," he said.

Not all agree. Vancouver real estate consultant **Ozzie Jurock** said that, in a down market,



Photo: Okanagan Hills Development Corp

Jarome Iginla and Fred Couples at the Rise: Albertans among the first 200 buyers at golf and winery resort in Vernon.

fractional real estate is more difficult to sell or rent, ongoing maintenance costs can become expensive, and appreciation is doubtful.

"You buy fractionals for lifestyle," he said. "It is not a real estate investment." Jurock's advice is to take advantage of today's increase in listings, shop carefully and negotiate hard for the best property, preferably freehold waterfront.

"Waterfront prices will be much higher 10 years from now," he said. ♦