

**FEATURE** Troubled developers' best bet to offer bargain prices this summer for ocean, lakefront real estate

# Waterfront price deals

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**T**he average price of an oceanfront lot on Salt Spring Island has dropped dramatically this year, according to the annual recreational real estate survey from **Re/Max**, to \$890,000 this spring, from the peak high of \$1.3 million in 2008.

In Ucluelet, where the high-end Wyndandsea resort slid into receivership a few months ago, it is now possible to find oceanfront lots for \$555,000, down from an average of \$649,000 a year ago.

Near Comox, price corrections for waterfront are in the range of 20 per cent to 30 per cent downward. A three-bedroom, winterized home on the ocean now starts at \$500,000.

And in the central and south Cariboo, lakefront lots are selling for \$135,000, some for even less, and down at least 25 per cent from 2008. At Francois Lake in the Cariboo, **Niho Land and Cattle Company** has at least one five-acre lakefront lot listed for just \$85,000.

Add in the "blow-out sales" by some Okanagan developers, and this may be the summer to find that waterfront real estate deal most recreational buyers crave.

"Some Americans are selling out [B.C. recreational property] bringing prime property to the market for the first time in years," according to the Re/Max survey that tracked market activity across the entire province. There has also been a slowdown of Alberta buyers, who had been driving price appreciation from the Kootenays to Comox.

**Elton Ash**, regional vice-president with Re/Max of Western Canada, doubts that waterfront prices will get much lower, noting that a fresh

Waterfront lot prices in Western Canada		
	2008	2009
Lake Winnipeg	\$250,000	\$300,000
North Saskatchewan	\$350,000	\$250,000
Sylvan Lake	\$1,250,000	\$1,125,000
Lake Windermere	\$1,300,000	\$1,200,000
Cariboo	\$140,000	\$135,000
Shuwsap Lake	\$800,000	\$800,000
Cultus Lake/Harrison	\$750,000	\$450,000
Tofino	\$869,000	\$789,000
Salt Spring Island	\$1,300,000	\$890,000

Source: Re/Max Recreational Property Report 2009

wave of younger buyers are now getting into the market.

Said Ash: "Lowball offers are on the rise [but] very few meet with success. As a result, the sales-to-list ratio remains relatively high in most recreational property markets across the country." It can be a different story for developers trying to move new product, however.

## Liquidation

Some developers hit hard by the downturn aren't waiting for lowball offers; they are blowing out property now at near fire-sale prices.

A prime example is the Rise golf course and lakefront development near Vernon, where the **Fred Couples**-designed course opened a year ago.

Last December, the Rise gained protection from its lenders and creditors by the **Supreme Court of B.C.** using the Companies Creditors Arrangement Act, for a period of nine months. The developer is currently operating the resort and the golf course while it works through its financial difficulties.

The entire development is now listed for

sale by **CB Richard Ellis** in Vancouver. In the meantime, the cash-strapped developer is conducting what it calls a "blow-out liquidation sale."

Prices of building lots – not technically lakefront but so close it may not matter – have been cut by 20 per cent to 40 per cent, and prices for luxury show homes have also been slashed, according to **Greg Lowe**, president of **Land Launch Marketing**, a Kelowna-based company that specializes in real estate liquidation. Lowe said the best Rise deals are in the larger "watermark" lots, where prices have been cut by as much as \$150,000, to a new price of \$350,000.

Land Launch moves to the Rise after four record sales years at Predator Ridge, where they sold out two phases of the Osprey Green town home project in 2008.

"We received more interest for our Kelowna liquidation sale than we have for all other campaigns this year. In three weeks, we have had \$10 million in sales," Lowe said "We are at The Rise to achieve the same level of success.

"With the financial situation the developer is

in at the Rise, now is the time for great deals. A new owner, with an improved capital structure, is not likely to be as motivated to offer large discounts," he said.

**Marshall MacLeod** of CB Richard Ellis reports that "we have a number of qualified buyers seriously considering the opportunity to acquire the Rise." More than \$14 million has been invested on the golf course, and a total of \$105 million in the resort community to date.

The Rise is a 73-acre development with master plan approval for 1,200 units. "We have plenty of land for sale," Lowe said.

According to the Re/Max recreational survey, the average price of a resale waterfront home in Vernon is \$1.2 million, down from \$1.5 million in 2008, and lakefront lots across most of the North Okanagan are in the \$800,000 range. This makes the prices at new developments, even those not facing financial trouble, especially attractive.

The new Hummingbird Beach Resort on Mara Lake in the Shuswap area, for instance, has a selection of detached lakefront cottages, all three bedrooms, starting at \$475,000. ♦



**"Blow out prices":** The Rise director of sales, Ross McGaw (L) and Greg Lowe, President of Land Launch, in a neighbourhood at The Rise near Vernon, which is under credit protection. Lot prices have been cut up to 40 per cent.

Photo: Jeff Bales / iStockphoto.com