

The other side of Vancouver's 'insane' housing crisis

Take the money and ... complain: Overheated market is a boon to many homeowners

A buddy has the most protracted commute I know of — his contract job takes him to an eastern U.S. Rust Belt state where, lucky man, he is paid handsomely in Yankee dollars. Every month he flies back here to spend time with his family.



RIC

ERNST/PNG FILES More than 65 per cent of Metro Vancouverites own their own homes and could benefit from today's real estate market.

His dual life offers him a perspective he wouldn't otherwise have, and on his trips back home, he reports on life in the Excited States of America. The recurring theme: Canada and the U.S. are two very different countries. Example: In his town, camouflage is a fashion statement.

The most poignant observation he made, though, was about real estate.

The real estate market in the counties around his workplace was dead. Properties languished, not for months, but for years. Prices were low enough to make a Vancouverite salivate: Large estates of the kind advertised on the back pages of the New York Times sold in the low six figures — if they sold. There were companies in his town which, taking advantage of the moribund market, low balled desperate sellers by offering them cash.

Here, when sellers are offered cash, it's for several hundreds of thousands above an already improbable asking price. And almost universally, especially in the media, our market's asking prices and cash offers

are characterized as being, in no particular order, insane, preposterous, evil, unsustainable, community-killing, semi- or wholly illegal ... in short, none of it good. Illustrative of that perspective was a front-page story The Sun ran just this Monday with the headline “Politicians to blame for housing price crisis.”

A couple of things struck me about that story and its headline, the themes of which suggested that, according to a University of B.C. professor’s study, political decisions as far back as Expo 86 had brought us to today’s real estate market.

For one, the story seemed to accept unquestionably it was a crisis. It also seemed to exculpate the people for that crisis, as if these decisions had been made in a vacuum by nefarious moustache-twirling politicians unmindful of their constituents. In my recollection of those days, however, I remember a public sick of the real estate wreckages of the 1980s and 1990s, when homes and assets were lost to double-digit interest rates and tanking sales, and that this same public was absolutely wild about Expo 86 and all that flowed out of it. It was also that same public who, in the name of job growth, exhorted its publicly elected governments to broaden B.C.’s trading horizons and cultivate the Asia Pacific.

Two, that headline of “Politicians to blame for housing price crisis,” could be read another way, depending on your life situation. That alternate headline would read “Thank politicians for greatest wealth creation in Metro Vancouver’s history” — a headline we will never see because politicians are rarely thanked for anything, and because it would be seen as crass and insensitive to the many hundred thousands of people who find themselves priced out of the market.

But what of those who aren’t priced out of the market, who are the market, who have a home to sell, who wish to downsize, who want that new car or shorefront property they’ve always lusted for? We hear so few of their voices, other than those who bemoan the fact their children will likely not be able to grow up in the neighbourhood in which they were raised. Yet those children will also inherit their parents’ windfall, and that cannot be ignored. Nor can the public’s capacity for greed. If Metro Vancouver has a Silent Majority, I bet it’s those homeowners who tsk-tsk the insanity of the market but who, in the back of their minds, can’t deny the craven whisper of, “Please God, let this market stay hot until I can cash out big.”

(I am reminded of a recent Bloomberg News story that quoted former Vancouver city councillor Jonathan Baker, who in December sold his westside home for \$3 million, a 100-fold gain on his original purchase price, and moved into a 4,200-squarefoot \$1.5-million behemoth in Sechelt. While he admitted he couldn’t be “too critical” of a market that had been nothing but a blessing for him, he then became critical of it, complaining that the city had “become a commodity” — as if it hasn’t always been a commodity.)

My thinking? Unless a buyer put a gun to your head and forced you to sell at a lavish profit, you don’t get to complain about it because if you see it as a problem, you are part of that problem. You can’t have your take and bleat about it, too.

At this moment, our politicians are promising legislation and policies that they say will cool the market and bring down prices. This will be seen as a good thing. But more than 65 per cent of Metro Vancouverites own their own homes. Many of them consider their homes as their retirement nest eggs, and some of them are carrying mortgages so large that a sizable devaluation of their property would mean a net loss.

I wonder what the headline will say then if the market turns decisively against them.