

Barbara Yaffe: Will 2016 be the Year of the Condo?

BY BARBARA YAFFE, VANCOUVER SUN FEBRUARY 4, 2016



Strata units in the Lower Mainland remain (relatively) more affordable than single-family homes, an increasingly smaller part of the region's housing stock.

Photograph by: DARRYL DYCK, THE CANADIAN PRESS

Condominium units have long been viewed as the poor cousins of single-family houses in Vancouver's real estate market. But 2016 could well be the Year of the Condo.

Realtor Patrick Weeks foresees only moderate growth this year in Vancouver's detached housing sector. But he sees the sale of "certain segments of condos going up substantially, as (single-family house) prices become out of reach for many buyers.

"There's now such a gap between condo and detached home ownership, many buyers are faced with limited detached options, and are forced to focus on condos."

Weeks also predicts a growing number of condo owners in aging strata units, concerned about financially daunting depreciation reports, will collectively opt to sell their property to developers, as a result of the appreciation of the land the condo development sits on. (This requires agreement from 80 per cent of a building's owners.)

"I see there being many condo pre-sale opportunities arising."

Real Estate Weekly writer Joannah Connolly anticipates that "more and more buyers, from first-timers to families, will turn to condominium living in 2016."

These predictions are corroborated by Urban Analytics' Michael Ferreira, who says the same sort of rush seen in recent years on detached home buying has begun to impact the market for multi-family units.

"Demand has increased to the point where it's now exceeding the number of new units being

introduced to the market.”

Municipalities are increasingly leaning on developers to build units with more bedrooms, to accommodate families that will have to live without backyards.

The single-family home has become an ever-smaller part of the region's housing stock, with most detached houses costing far more than wage earners can pay. Indeed, detached houses will make up just 10 per cent of Greater Vancouver housing by 2040.

As time goes by, much of the region's housing supply is being converted into multiple units.

And consider that the single-family house in East Vancouver or the West Side often is no longer really that. Owners have been dividing and subdividing as land prices escalate.

So what used to be neighbourhoods zoned for detached homes are being transformed into lots accommodating three units — the detached house, a basement suite, plus a laneway house.

In addition, where zoning permits, houses are being reconfigured into duplexes or triplexes or, if large enough, four strata units.

As far as new construction is concerned, according to the B.C. Real Estate Association, fully 15,660 of the 20,380 new homes built across the region last year were multiple-dwelling units.

In 2016, of 18,600 new units being constructed, 14,500 are to be multiple-dwelling units.

Accordingly, the BCREA refers to a “changing regional housing stock.

“New residential construction activity has veered away from single-detached homes as a result of constrained land supply, local planning imperatives and housing affordability.”

That latter factor is the biggie. A typical single-family home in Greater Vancouver, priced last month at nearly \$1.3 million, had increased 53.4 per cent over the previous five years.

Strata units in the region remained more affordable. A typical apartment cost \$456,400 last month, having increased 26.6 per cent from five years ago. A typical townhouse cost \$563,700, up 24.5 per cent since 2011.

No surprise then that just 1,047 single-family homes sold last month, compared to nearly 1,472 multiple units sold.

It may seem like folks are having to spend megabucks to buy a home here. But, in fact, during the first eight months of 2015, 80 per cent of residential sales in Metro Vancouver involved housing units costing less than \$1 million, and 70 per cent spent less than \$815,000. Not that these sums are remotely affordable compared to similar housing elsewhere in the country.

Still, over time, if all but a small percentage of people in the region are living in condominiums, such units will no longer seem like a second-rate housing option.

Certainly no one in London or Paris complains about living in a pieds-a-terre.

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