

Condo sales spiking as housing affordability tanks

Climbing real estate prices spurring owners to cash out and downsize

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Condo sales and prices have gone from being flat for around a decade to hitting such a stride that buyers are heading from urban to suburban markets to find more affordable units.



MARK VAN MANEN Dan Young and his wife are moving into this New Westminster condo building after selling their North Delta home.

A few areas, like West Vancouver, are so hot that some condo owners are cashing out to get more space and put some money in their jeans.

Owners of single-family dwellings are taking advantage of the soaring real estate prices by selling up and downsizing into condos. For Dan Young and his wife, it meant selling their North Delta home for \$775,000 so that they could buy a unit closer to the city.

“We wanted to downsize a bit, but it was also that houses in New Westminster are well over \$1.2 million, so we bought a sub-penthouse (condo) on the river with a beautiful view (for \$600,000),” said Young. “We really liked it.”

The couple is renovating the condo with the extra cash in their pockets, plus paying off his car and buying a new one for her.

“With the sudden increase in value in our house in North Delta, we knew we could get a really good price,” Young said.

“I believe that a condo will appreciate, not as rapidly as a detached home, but more than before because there is a significant desire for them, especially in New West and Vancouver because of the affordability. Most people don’t have \$1.2 million for a house.”

In April, the number of condos sold in Greater Vancouver increased more than 33 per cent from the year before and the benchmark price increased just over 20 per cent to \$475,000.

Some of the biggest gains were seen in the benchmark price for condos in West Vancouver, which went up 36.5 per cent, in East Vancouver, up 25.6 per cent, and on the west side, up 25.4 per cent. In Burnaby East, they went up by 21 per cent and in Port Moody, by 21.8 per cent. For townhouses, the benchmark price in Port Coquitlam and Squamish rose 24.8 per cent and 25.7 per cent, respectively.

Michael Ferreira, principal with Urban Analytics, which collects real estate data, said condo prices of new units in prime areas are now rapidly increasing, some by \$100,000 a year.

“There’s not enough product in the urban markets and as prices increase, we are seeing buyers who can’t afford condos there go for (properties) in South Surrey and Langley,” said Ferreira.

With more buyers looking into suburbs, some developments are selling within weeks. In one case, potential buyers camped out overnight in tents and even paid students to camp out on their behalf in order to keep their place in line.

But it’s a phenomenon happening “all over the place with any project that gets launched at any price,” he said.

“It’s not just buyers being priced out of single-family homes, but also out of condos in Vancouver, Richmond, Burnaby.”

While “there is the foreign buyer component” impacting higher prices, Ferreira said local buyers are also looking for new homes. He believes if a steadier stream of new condos could be brought to market, it would take out some of the “massive urgency in the market. There is a fear of missing out” that is pushing sales and prices.

Kyle Watson “luckily” bought his two-bedroom, 800-square-foot East Van condo near Commercial Drive two years ago.

But as he saw a couple of places around him going “for a fair bit more than I paid,” he decided to sell. The benchmark price for condos in his area posted a robust 25.6-per-cent gain in April.

He first looked to move to a townhouse in Coquitlam’s Burke Mountain area, but with the benchmark price in that area having gone up by 17 per cent in April, “I was going through a few bidding wars where I lost out by a lot,” he said.

After a few unsuccessful rounds, he recently bought a much roomier four-bed, four-bath, 1,800-squarefoot townhouse for around \$600,000 in a yet-to-be built South Surrey development called South Ridge Club.

In the resale market, recent condo buyer Jessica Bliss thinks it was partly a stroke of luck that enabled her and her husband to recently land a unit in Vancouver's False Creek.

The listing agent mistakenly posted it as having zero bathrooms so it didn't get picked up on as many MLS searches, said Bliss.

Instead of facing a lineup of other potential buyers and being outbid as they had been before, they caught a little window of opportunity when there were only two other bidders.

West-side condos have gone up by more than 25 per cent in April compared to a year ago, but Bliss, who had been renting in the area for four years and in the West End for six years before that, was determined to stay in the neighbourhood because "we both work in the city. This is my life, my friends and job. We don't want to be pushed out."

She credits the listing snafu and her own quick-thinking agent for helping them eventually buy their one-bedroom plus den, 660-square-foot, seven-year-old condo for \$590,000.

Britt Dolleren, a 28-year-old web designer, is a first-time buyer who wanted to stay close to the city. She had some specific requirements: a two-bedroom on the ground floor with a garden for her dog.

Dolleren looked at nine properties, hitting Burnaby, Coquitlam and New Westminster before finally settling on a 720-square-foot unit in Vancouver's Hastings Sunrise, for which she paid \$298,000.