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# Acceleration of real estate values has its consequences

## Could researcher's findings be a snapshot of the high-water mark?

BY PETE MCMARTIN, VANCOUVER SUN MARCH 2, 2013

This topic has applicability to DNV - cjk

For the last three years, Andy Yan, a researcher and urban planner with Bing Thom Architects, has been mapping the assessed values of single-family residences in the city of Vancouver.

You see his latest efforts here today.

Using the symbolic but breathtaking figure of \$1 million in assessed value, Yan has produced over these three years a progression of maps that have shown the runaway acceleration of real estate values in the city.

That acceleration has produced profound impacts beyond just the accrued creation of wealth for some homeowners. It has affected family life, school enrolment, the financial and cultural vitality of the city, neighbourhood ambience and livability, even race relations. It has left Vancouver with the stigma of being one of the most prohibitively expensive cities in the world.

But before I get to Yan's findings for the past year, it should be said that when those assessments were taken in July 2012, the real estate market softened soon afterward, and for the first time in years people were talking about a new affordability - however relative a term that may be in Vancouver.

The question is, could these maps of Yan's be a snapshot of the real estate market's high-water mark?

Could the prohibitively expensive nature of single-family residences in Vancouver now be so onerous that it begins to transform the city with new forms of more affordable housing?

"I just don't know," Yan said. "The data set isn't there yet. If I did know, I'd be a rich man."

We'll have to wait until next year.

Here, however, is some of what Yan did find during the last assessment period:

- . Over 2,200 single-family properties in the city crossed over the \$1-million valuation line in the last year.

- . The majority of those 2,200 properties were in the southeast of the city - mostly in the Victoria-Fraserview and Killarney neighbourhoods. (It should be noted that except for several dozen properties, all those new \$1-million-plus properties were in East Vancouver, since practically all single-family homes on the west side of the city were already assessed above the \$1-million mark.)

- . Of the 70,000 single-family residences in the city, about 54 per cent, some 37,000 properties, were valued at \$1 million-plus by July 2012.

- . From the 2009 to 2012 assessment years, the number of single-family properties valued at \$1 million-plus grew by nearly 50 per cent to 37,768 in July 2012, from 25,708 in 2009.

- . There was significant growth in the really high end of properties, too. The number of properties worth more than \$5 million increased by nearly 250 per cent over the same period, to 708 properties in 2012 from 274 properties in 2009.

. Single-family home districts still make up about 50 per cent of the city - by far the largest land use in Vancouver, which is significant for a city with such a constricted land base. But Yan found that with city policies allowing secondary suites and laneway homes, single-family home districts were increasingly accommodating multiple units within a single property.

. While about 50 per cent of the city's total population lives in these single-family districts, 64 per cent of the city's children under the age of 19 live in these areas, according to the 2011 census. Significantly, Yan said, 80 per cent of Vancouver's public schools are located in those districts.

Yan wondered if high housing costs weren't marginalizing these significant public investments in our children.

"As a legacy of planning from the 1920s," he wrote in his findings, "these areas have some of the most abundant levels of family supportive infrastructure in the entire city.

"For example, 90 out of the 113 Vancouver public schools are in these areas. From elementary and secondary schools to parks to playgrounds to community centres, there is a considerable amount of public investment found in these sections of Vancouver. This rich infrastructure has helped generations of Vancouverites raise children and set roots in the City.

"At the same time, this infrastructure was developed when the average household income in the City of Vancouver could readily afford to live in these areas. For the sake of reference, the average household income in the City of Vancouver is about \$68,000 a year with a median income of \$47,000 according to the 2006 census (latest numbers available) or \$78,000 and \$54,000 respectively in 2013 dollars.

"What is the future of these pieces of infrastructure (and neighbourhoods) in an era when the majority of the single-family homes in the City of Vancouver are now worth over \$1 million?"

Questions only the future, and the real estate market, can answer.

## SINGLE-FAMILY HOME VALUES

Andy Yan's maps show the distinctive \$1-million division apparent between East Vancouver (mostly red) and the city's west side, and also the rapid rise in the number of high-end valued properties (greens and blues). Areas with no colour are not zoned for single-family dwellings.

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