

OPINION

Several factors at play in B.C.'s intensified urbanization

Real estate:
Weak loonie
draws foreign
buyers, while
commodities
slump drives
rural dwellers
to city life



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A weak currency and slumping global commodity prices are indirectly contributing to a rush on Lower Mainland real estate.

The two forces are aggravating a pre-existing situation of too many buyers and renters chasing too few housing units.

Of course, the lower the dollar drops, the more of a fire sale residential property here becomes for foreign investors. Even Vancouver's detached houses are starting to look like bargain offerings.

Foreigners, particularly the Chinese, already were keen on Vancouver real estate before the dollar lost a third of its value. Real estate analysts say that more Europeans and Americans are also now looking to invest.

Another factor is a less obvious one. The recent decline in the value of commodities has been proving just as problematic on the housing front. It has prompted population movement from B.C. resource towns to larger urban centres, most notably Metro Vancouver.

This urbanization trend will continue through 2016, says Jock Finlayson, executive VP of the Business Council of B.C., citing the Vancouver region as the province's "economic growth engine."

"A growing population in the region, juxtaposed against a fixed supply of land, particularly developable land," says Finlayson, "will tend to push up land values, which in turn will put sustained upward pressure on the prices of certain types of housing, especially single-family homes."

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GERRY KAHRMANN/PNG

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of Metro Vancouver, promises to exacerbate the affordability problem."

Finlayson asserts that "it would be better for the province as a whole if population growth was more evenly distributed across regions, not only to ease the pressure on land prices in the Lower Mainland, but also to support long-term economic development in other regions."

But that is not happening. Dozens of smaller communities are losing population numbers, places like Burns Lake, Slocan, Kitimat, Stewart, Kaslo, Grand Forks, Prince Rupert.

This is largely because of the commodities downturn, as well as a reduced volume of harvestable timber due to the pine beetle infestation.

The Lower Mainland, which also absorbs most of the immigrants settling in the province, is not the only urban area growing as a result of the withering of smaller communities. The business council points to recent strong growth in the Victoria and Nanaimo areas.

Back in 1951, 68 per cent of B.C. residents were urbanites. That has increased to 86 per cent today.

B.C., along with Ontario, is the most urbanized province in the country, with only 14 per cent of the population living in rural areas. By contrast, 17 per cent of Albertans and 41 per cent of Newfoundlanders are rural dwellers.

Metro Vancouver and the Fraser Valley now accommodate

nearly 60 per cent of all British Columbians, up from 54.8 per cent in 1994. Given current trends, how large might that percentage conceivably grow in future?

For context, the Greater Toronto Area accommodates 44 per cent of Ontario's population; the Montreal area accommodates 46 per cent of Quebec residents.

Not surprisingly, the Lower Mainland has the highest population density per square kilometre in Canada.

The region's population since the mid-1980s has ballooned by 70 per cent. This has greatly increased competition for shelter in a region with finite boundaries.

B.C. Finance Minister Mike de Jong cited the population pressures on the Lower Mainland in his budget last week.

Yet he failed to include any meaningful budgetary measures to directly address the region's housing affordability crisis. De Jong did not even expand the First Time Homebuyers' exemption for the Property Transfer Tax, applicable on homes selling for less than \$400,000.

The region's housing woes recently have been further exacerbated by a dearth of inventory.

The Real Estate Board of Greater Vancouver notes that listings were down in December by nearly 26 per cent from a year earlier, last month by 6.2 per cent from a year earlier.

Of course, things are not much easier for renters, confronting a 0.6 per cent vacancy rate.

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