

Metro Vancouver baby boomers sitting on \$163 billion of property

But an affordability crisis means it will be hard for many to stay in their neighbourhoods, predicts real estate marketer Bob Rennie

BY JEFF LEE, VANCOUVER SUN MAY 16, 2014



Areas such as Dunbar (pictured), which has been fighting anti-densification efforts, are creating obstacles to building affordable housing. This means that aging baby boomers that are downsizing may not be able to stay in their neighbourhoods.

Photograph by: Handout, Vancouver Sun

Baby boomers in Metro Vancouver are sitting on more than \$163 billion in mortgage-free property at a time when demand is increasing for new forms of affordable housing, real estate guru Bob Rennie said Thursday.

In his annual statistics-filled address to the Urban Development Institute, the king of condo marketers said that equity will increasingly be freed up as retirees downsize.

But with some older neighbourhoods resisting change, there is a growing affordability crisis that will make it hard for many of those baby boomers to stay in their neighbourhoods, he said.

Rennie, speaking to nearly 1,000 developers, politicians and executives from the finance, media and construction industries, cited anti-densification fights in some of Vancouver's oldest single family neighbourhoods as obstacles to building affordable housing that will allow aging in place.

"This is becoming increasingly difficult in neighbourhoods like Dunbar, as an example," he said. "Very few will be able to age in place and/or keep their kids in the neighbourhood or live close to the great grandchildren."

He contrasted that to what he called "energy centres" such as Marine Gateway, Brentwood and Richmond Centre, where new forms of housing — from condos to townhomes — mean people can downsize and still stay in the area, and first-time buyers can afford to buy.

Pressure will only continue to grow, he said, especially as downtown Vancouver approaches saturation and the number of condo completions continues to decline.

"With Greater Vancouver's over-55 demographic sitting on \$163.4 billion in clear title housing, what will be the impact of that equity in the hands of an aging population in our marketplace?" he asked.

The answer, he suggested, is that over the next 15 years, they will be increasingly helping their Gen-X and Gen-Y children buy into housing while looking to "move down" into a smaller footprint. Rennie said 40 per cent of first-time homebuyers already get deposit and down payment help from parents and grandparents.

"Figure it out. It's not that difficult. If we are never going to create another single family lot in our city, where will our kids live, let alone the population increase (expected over the next 15 years)?" he said.

In a wide-ranging speech that included his statistical research of housing markets, Rennie criticized the City of Vancouver for putting too much emphasis on "green" projects, criticized the UDI and developers in the room for opposing the city's controversial community amenity contributions (CAC) system and took a swipe at environmentalist David Suzuki for suggesting last year that Canada's immigration policy was "disgusting" and that the country was "full."

Rennie noted that green elements were ranked last by new homebuyers in a survey his office conducted. At the top of the list are location and price, followed by transit and building amenities.

"First-time homebuyers are not philanthropists out to save the planet. They are buying a home," he said.

But he also defended the city's CAC program, which is under attack from developers as being too onerous and lacking in transparency. The UDI said developers are willing to pay their fair share, but support a provincial government opinion that Vancouver's method of calculating amenities is wrong.

Rennie said CACs help keep property taxes down and that Vancouver's recent change to a flat-rate fee in the Cambie corridor was an improvement.

"I do not want to see us push the topic so far that we become California and end up with our version of Proposition 13," he said, referring to a voter-approved anti-tax measure that has made it difficult for governments to raise property taxes.

Immigration, particularly from China, will continue to fuel demand for housing, but Rennie said he is also concerned about what he views as latent racism in some communities. He said views that places like Richmond are enclaves only for Chinese people are in deep contrast to research from University of B.C. geographer Dan Heibert, who showed that there can be as many as 24 different ethnic groups in small community clusters of just 650 people.

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