

Barbara Yaffe: It's official — Metro Vancouver is swept up in a real estate frenzy

A perfect storm of forces come together to create a tempestuous result in housing

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Crowds of people try to get to the buying counter at the April 11 sales launch for Evolve, a new condo tower in Surrey.

VANCOUVER — It is no exaggeration to use an F-word to describe Vancouver's current real estate scene. As in, the market is in a Frenzy.

Observers describe a perfect storm of forces coming together to create a tempestuous result: A 5.8-per-cent jobless rate in B.C., low interest rates, a devalued Canadian dollar attracting more foreign buyers, and panic over prices going even higher if buying is delayed. Even the particularly vicious winters of recent years in Eastern Canada may be having an impact.

Meanwhile, the Bank of Canada warned last Wednesday about the risk of correction in three Canadian property markets — Vancouver, Toronto and Calgary.

For the moment, few are heeding the caution. A press release sent out last week by WestStone Properties, regarding its Evolve condominium project in Surrey, reported sales in a single day (April 11) of 300 condo units, worth \$70 million.

And get this — project completion is still three years into the future.

The release described the purchasers' enthusiasm: "Excited early buyers who stood in line for hours, grappled for position and swarmed the buying counter in a frenzy that hasn't been seen in recent years."

Who was buying? Everyone.

"Today's buyers included first-time homeowners, parents purchasing for children and a large number of buyers from throughout Canada, the U.S. and overseas."

The Greater Vancouver Real Estate Board reported earlier this month, bidding wars are taking place with greater frequency.

And Royal LePage last week cited a rush on Vancouver's detached homes, resulting from a scarcity of product and high demand to live here.

It seems that real estate enthusiasm is not limited to the Lower Mainland. The B.C. Real Estate Association has just reported: "B.C. home sales post the strongest March in eight years. ... More homes traded hands last month than any March since 2007."

Property sales jumped 37.6 per cent over March 2014 and sales dollar volume was up 57.1 per cent.

In Greater Vancouver, activity was even more robust, with year-over-year sales jumping 53.2 per cent.

Association chief economist Cameron Muir says: "Many board areas are now exhibiting sellers' market conditions, with home prices advancing well above the overall rate of inflation."

The average sale price in March for all types of Vancouver-area housing was \$891,000 — up from \$801,000 12 months earlier.

One factor influencing Vancouver prices was a 13.8-per-cent decline in listings.

Meanwhile, Avison Young, a commercial real estate firm in Vancouver, is reporting that demand last year surged for B.C. multi-family properties in the region.

In 2013, 33 apartment buildings were sold, for a sales volume of \$388 million, up from 42 sales in 2014, worth \$567 million.

The company cited strong economic conditions in the region as well as an extremely low vacancy rate for rental accommodation.

Of course, all these eyebrow-raising numbers tell a good news/bad news story.

Those already in the market are grinning like Cheshire cats, watching their home equity grow. Sellers are walking away newly wealthy. But too many are on the outside looking in, unable to get into the market or to climb the property ladder to acquire household space they require.

Housing access in this region is not a problem being experienced solely by the poor. It is a challenge for the middle class, an issue not sufficiently recognized by municipal officials who overwhelmingly focus their attention on providing more housing opportunities for the homeless and low-income households.

My email bag suggests middle-class folks are deeply concerned by the activity of offshore buyers who, they believe, are hiking real estate prices and squeezing them out.

They also fret for their children who, they say, have little hope of buying in a city like Vancouver and are challenged by rents boosted by a low vacancy rate.

And they suspect the low vacancy rate results from all the renters being excluded from the property market by sky-high prices.

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