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Hot real estate market good for an economy in downturn

Re: Houston leads the way on affordable housing issue, Opinion, May 6

The Vancouver real estate market is on fire with no signs of slowing. The debate over which catalyst to point the finger at makes headlines daily. The consensus? The inflow of Asian capital (predominantly Chinese) into the real estate market is driving up housing prices.

Yes, there are structural issues such as constrained geography, scarcity of land, and strong net migration. But policy is causing the limited supply: High development fee charges, low density requirements, and blueberry farms in the heart of Richmond. Simply put, municipal bylaws and zoning regulations have devastated the affordability of housing for the average Vancouverite.

Instead of blaming foreign investment for housing prices, policy-makers could release restricted land for development, relax cycle times for permits, reduce development fees, and increase density. All of these factors are severely restricting developers and impeding the free flow of capital.

The real estate sector was the largest contributor to the Canadian GDP in 2015. With the construction sector, it accounted for 20 per cent of Canada's GDP last year. With the latest economic cycle producing major downturns in manufacturing and commodities, let's not kill the last industry that is still alive in Canada. Scaring off foreign direct investment will have a hugely negative impact on the economy. Graham D. Coe, manager, acquisitions, Mainstreet Equity Corp.