



EXPERTS PREDICT

2014

NEW HOME MARKET

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Low interest rates, steady immigration levels, and an undiminished desire for home ownership are predicted to remain three of the top drivers in 2014's residential building industry according to experts at two recent real estate forecast events in Vancouver.

Speaking to an audience of builders and developers at the Urban Development Institute, Michael Ferreira, managing principal of Urban Analytics made some "bold predictions" for 2014. The first was low interest rates. "Despite a rise of 50 to 70 basis points over the last few months, my expectation is that low interest rates will prevail through 2014 and possibly well into

2015."

At the recent CMHC Housing Outlook Conference, Carol Frketich, CMHC BC Regional Economist, also pointed out that five years ago the posted one-year rate was more than double what it is today. Considering that some areas, especially in the suburbs, have also seen price decreases over the same period, that number is even more significant.

Neil Chrystal, president and CEO of Polygon Homes and this year's CMHC keynote speaker, drew spontaneous applause when he suggested it's time to re-introduce the defunct 30-year amortization, because fears of a housing bubble are unfounded. He also believes that in Canada, unlike the United States, the desire to own a home will never go out of style. He cautioned, however, that many first-time buyers will need to reset their expectations. "The first-time buyer is typically a young couple

paying very high rents to live in an area they can't afford to buy in. The bulk of their income goes to lifestyle. But the same couple who's renting in Yaletown actually could afford to buy in Richmond, and they'd still be only 20 minutes away from their friends and favourite restaurants via the Canada Line."

All speakers believe immigration to Metro Vancouver, especially from Asian Pacific countries, will remain strong far into the foreseeable future. "Vancouver is consistently ranked one of top cities in world: it's a beautiful city, and it's a safe city with excellent social infrastructure, health care and education," Chrystal explained. Having approximately 130 direct, overseas flights every week is seen as a bonus.

Causing a murmur of surprise was Ferreira's statement that it's a common misconception that the many investor class immigrants are all high-net-worth individuals. "A lot are

“Low interest rates and immigration will keep market steady

middle income: people like ship captains, bus drivers, technicians. And not all of them are buying homes in West Vancouver — they're buying in places like North Delta, Coquitlam and Burnaby as well."

Ferreira cautioned there may be more protests around rezoning in established neighbourhoods like Marpole, but he also believes Metro Vancouver's infatuation with urban master-planned communities will continue. He singled out developments at Oakridge and Brentwood malls as two to watch, and predicted Trump Tower will be half sold by the end of year.

His other good news: in 2014 consumers will have greater product choice and less pressure to "hurry up and buy," and developer incentives will become even more enticing. And oh yes, he also suggested consumers who purchase soon will be able to celebrate a Vancouver Canucks Stanley Cup victory in their new home.



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