

OUTLOOK 2014: Experts split on how many new Metro condos is too many

Year of the condo

FRANK O'BRIEN

WESTERN INVESTOR

Of the 18,400 new homes that will be started in Metro Vancouver in 2014 at least 14,000 will be condominium apartments.

"Condos are now the dominant new housing form," **Canada Mortgage and Housing Corp.** market analyst **Lance Jakubec** told CMHC's annual Housing Outlook 2014 conference in Vancouver last month.

And, Jakubec said, there appears to be an endless appetite for condo units that now form the bulk of new-housing starts from the inner city to the outer suburbs.

CMHC estimates there are 14,238 condominiums under construction across the Metro region; 37 per cent of them in the **City of Vancouver**. Aside from the 2009 all-time peak of 20,000 units, this is the highest number of condo starts in Metro history.

Yet, as of October 1, a CMHC survey found only 1,698 new and unsold apartment condominiums across all of Metro Vancouver, which would represent a sales success rate of nearly 85 per cent.

CMHC researchers scan new condo developments consistently and conclude that an average of 800 new units are selling every month, Jakubec said.

Some analysts, however, say the CMHC forecasts are naïve and caution that a near unprecedented condo glut is rearing over the market.

"The CMHC number seems kind of light," said **Mark Belling**, president of **Fifth Avenue Marketing**. Fifth Avenue is marketing a total of 2,200 new condos, primarily in the Fraser Valley.

Frank Schliewinsky, head of **Strategics**,

an industry consulting firm, and **MPC Intelligence**, which publishes a developer's guide to the condominium market, both estimate that there are a total of 9,600 new condos that have not yet sold but that are being marketed, with a further 4,100 units about to hit the market.

Caution

"While it may not be 'condopocalypse', a total of almost 10,000 unsold units on the market, which is more than 12 months' worth of sales, means that this market is in deep do-do if the Chinese don't keep on buying," Schliewinsky wrote in an email.

The key to the apparent discrepancy is that CMHC counts only projects that are completed, while other researchers look at units that are still in pre-sales and may be months away from opening their doors. "Some of these may complete next month, some two years from now," Jakubec explained.

Jakubec said 60 per cent to 70 per cent of new condominiums nearing completion are pre-sold. If that holds true, the 14,138 units under construction would represent from 4,200 to 5,600 unsold units in marketing mode.

Noted Belling, a veteran of the new condo market. "No one really knows how much inventory is out there. We are all private companies and we keep a lot of information [on sales] private." Still, he added that of the 2,200 new condos his firm is marketing there are only 30 units left unsold.

"It all depends on what type of condo is being sold, where it is located and who the buyers are," he said.

Cameron McNeill, president of **Mac Marketing Solutions** and considered B.C.'s

top condominium sales agent, has no fears of a glut forming in Metro's condo market. McNeill noted immigration to the Metro area adds about 30,000 people per year, which he believes negates any potential threat of too much inventory.

Resale housing

Vancouver's resale condominium market is poised for a further 11 per cent increase in 2014, forecasts the **BC Real Estate Association (BCREA)**, which estimates that 12,650 condos will sell through MLS next year. The average price of a Metro condo apartment will increase 1.2 per cent, to \$444,250, said **Cameron Muir**, BCREA's chief economist.

The average detached house price is expected to rise 1.7 per cent in 2014 to \$1.18 million, BCREA says.

Across the province, total housing sales will increase 6.3 per cent in 2014, to 76,200 units, while the average price of a resale home will rise 2.1 per cent to



Adera president Norm Coutie at the Sail condo site near UBC: more than 14,000 new condos will start construction in 2014 across Metro Vancouver.

B.C. MLS Housing Outlook 2014

Market	Total Sales	Change from 2013	Average price	Change from 2013
Vancouver	30,900	8.8%	\$772,000	0.9%
Victoria	5,895	4.3%	\$492,000	1.2%
Fraser Valley	14,100	8.0%	\$497,000	1.6%
Chilliwack	2,100	4.0%	\$307,000	1.3%
Kamloops	2,310	0.4%	\$319,500	1.4%
Okanagan	7,150	1.3%	\$344,000	1.3%
Kootenays	2,100	2.9%	\$284,000	2.2%
Northern BC	4,870	3.9%	\$265,000	3.2%
B.C. TOTAL	76,200	6.4%	\$548,200	2.1%

Source: BCREA/Western Investor Residential Outlook 2014

Listings and Sales

www.hqcommerical.ca | 604 899 1122

HQ Real Estate Services
320 - 1385 West 8th Ave.
Vancouver, BC V6H 3V9

HQ Commercial



Development
Under Contract
2415 - 2469 Kingsway, Vancouver
200 FT frontage along Kingsway
3.8 FSR, 80,158 SF buildable
\$8,700,000 **Nhi Denis**



Multi-Family
151 E. Keith Road, North Vancouver
88 suite apartment building
Prime Lower Lonsdale location
\$27,000,000 **David & Mark Goodman***



Office
Aberdeen Square, Richmond
478 SF new office space
Conveniently next to SkyTrain
\$35 PSF, NNN **Soleil Lutsky**



Multi-Family
Under Contract
3701 Princess Ave, North Vancouver
57 unit luxury townhouse complex
7 rental building on 9.42 acre site
\$27,950,000 **David & Mark Goodman***



Retail
Fully Leased
3000 Sexsmith Road, Richmond
78,000 SF concrete building
Central Richmond retail strip
Year 1 \$20 PSF **Johan Leung**



Office
4126 Norland Avenue, Burnaby
Five storey office building
31,886 SF net rentable
\$9,888,000 **Ken & David England**



Industrial
#4-342 Esplanade, North Vancouver
Exposure unit with city views
2,071 SF warehouse
\$580,000 **Scott Smith**



Development
Under Contract
Kingsway, Vancouver
Lot size 66.85' x 111.91' (7,482 SF)
Building size 12,000 SF
\$35 - \$50 PSF, NNN **Nhi Denis**



Investment
Sold
695 Great Northern Road, Ontario
31,391 SF retail building
Long term AAA tenant lease
\$4,800,000 **Lino De Marchi**



Multi-Family
Sold
2350 West 1st Avenue, Vancouver
16 suite apartment building
Prime Kitsilano. Spectacular views
\$5,750,000 **David & Mark Goodman***

*Personal Real Estate Corporation