

The High Costs of Luxury Condos

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What truly is a luxury property? In Vancouver, a host of super high-end condos are arriving on the market. So who is buying them, what are they getting, and – the multimillion-dollar question – at what cost?

“There is only so much demand, and there are a limited number of sites where you can develop a luxury project,” says Scott Brown, president of Fifth Avenue Real Estate Marketing. “Those limits drive up the price, but our market is still relatively cheap compared with London or Hong Kong.”

For Brown, to truly be a luxury development, a home must meet certain criteria including a location with a view, generous floor space and glamorous interior finishing.

PortLiving CEO Tobi Reyes agrees that luxury buyers want views, access to water and amenities. “They’re looking for more interesting design and architecture,” he said.

High End Booming

In mid-September 2014, there were nine Vancouver luxury condos selling units priced at over \$850 per square foot. The almost-sold-out Vancouver House has super-luxury penthouses with record-high asking prices of over \$5,000 per square foot. Then there’s the audacious Trump Vancouver, currently under construction in downtown Vancouver with pre-sales underway.

PortLiving has recently made its first foray into the luxury market with its new South Creek Landing development at the foot of Cambie Bridge. And other recent examples of include boutique downtown development Artemisia pictured, the curvilinear Jameson House and the swanky Three Harbour Green in Coal Harbour.

Of course, there are different perspectives about what you get for your cash. Frank Schliewinsky, author of the Vancouver Condo Report, says that buyers of the lower-floor units of Vancouver House get “an excellent view of the neighbouring shoehorn housing and the traffic, noise and pollution from Granville Bridge.”

Identifying the Buyers

Despite reality checks like that, the desire for unique luxury condos is undeniably high. So who are the buyers fuelling this demand? That’s a sensitive topic.

“Demand is being fuelled by conspicuous consumption by Chinese buyers trying to get money out of the China,” asserts Schliewinsky.

Artemisia sales specialist Monique Davidson has a different take. Purchasers at this boutique residence have mirrored the overall luxury sales market. She says, “While purchasers vary from building to building, about a third are local buyers, another third are investors collecting trophy residences, and the final third are international users who will spend a couple months a year in Vancouver.”

At PortLiving’s South Creek Landing, an overwhelming number of the 15 homes have sold to locals, with only two or three purchased by non-Canadian residents. PortLiving did no overseas advertising and clients found out about the site through their own networks.

But Reyes does concede, “That’s atypical from what I’ve seen. Average sales to offshore buyers in this market are likely closer to 40 per cent.”

Luxury Outside Vancouver

Given the limited amount of land in Vancouver, luxury condos are starting to pop up in other municipalities including Burnaby and South Surrey. Fifth Avenue is currently marketing Royce, which offers breathtaking views of Boundary Bay.

“Our buyers are wealthy downsizers,” says Scott Brown.

About the typical buyer, Brown adds, “No one can say with certainty where they are coming from. When you’re that affluent, you probably live in multiple cities.”

What does all this mean to more ordinary folks who want to live in Vancouver? Schliewinsky remarks that average buyers can forget about finding affordable condos downtown unless they can live in “shoebox” housing.

Adds Reyes, “These buyers are caught in a cycle of competing for a great location with end users who can afford much more than they can. [But] I believe there’s a place for everyone... not every space is going to become a luxury development. The market will dictate.”

