

# Recreation developers catching wave of baby “zoomers”

**COVER | Alberta retirees helping drive sales at lakefront and mountain resort communities**

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Nearly 70 per cent of British Columbians would choose a long weekend at a cottage over one in the city, according to the annual **Re/Max** 2015 Recreational Property Report, and 21 per cent of all Canadians say they would consider downsizing their main home to buy a cottage.

These findings – combined with a downturn in the Canadian dollar that has cooled the purchase of U.S. vacation homes – point to a resurgence in the recreational market this year, according to **Re/Max**. Its report found that, in every region except Prince Edward Island, recreational property values have increased this year, compared to 2014.

And developers are proving that on the ground.

A \$16 million investment in a failed lakefront residential development near Kelowna has already surpassed \$20 million in sales for Vancouver-based **Macdonald Development Corp.** (MDC)

Lakestone, a 550-acre development site on and above Okanagan Lake, hit rough waters during the financial crisis in 2008, leaving developer **20/20 Group Inc.** with low sales and heavy debt.

That’s where Macdonald Development stepped in.

“I suggested they just pay off

their debt and hang on to the property,” said **Rob Macdonald**, president of MDC. “[20/20] just wanted to sell the property, so I ended up buying it for \$16 million, which was the bank debt.”

The deal closed in 2011, and Macdonald set about reconfiguring the project, jettisoning a planned golf course and vineyards, downsizing a marina and rearranging home sites.

MDC also slashed the prices, offering one-third-acre lake-view building lots at an average of \$285,000. This compares with starting prices of \$750,000 per lot that the original developer had listed them at.

Of the 82 lots in the first phase, 70 have sold, according to **Howard Kruschke**, director of sales and marketing at Lakestone. “Buyers who know the Okanagan realized the value,” he said.

While local buyers dominated the early action, this year more than a third of buyers are from Alberta, Kruschke said. He suggests that Alberta buyers, fearful of a further softening in Alberta real estate prices, are “hedging their bets” by buying in the accessible Okanagan. “We are only 10 minutes from the Kelowna airport, with direct links to Calgary and Edmonton.”

Lakestone lot buyers have two years from the time they purchase to begin construction of a house.

Lakestone’s next phase includes 16 villas in its Waterside development, with prices from



**Rendering of Lakestone development near Kelowna.**

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approximately \$700,000 for attached units of 2,000 square feet.

The Lakestone experience may be indicative of a turnaround in the central Okanagan new-home market, which has been in the doldrums for seven years.

Kelowna-area housing starts are forecast to reach 1,500 units this year, the highest level in more than a decade but still 1,200 homes below the 2007 peak, according to **Canada Mortgage and Housing Corp.** The current inventory of new multi-family homes in the region is a mere 37 units, the lowest level in more than 10 years.



**Howard Kruschke, director sales of and marketing at Lakestone. “Buyers who know the Okanagan realized the value.”** | MACDONALD DEVELOPMENT CORP.

## Penticton tax break

A Penticton developer is also enticing more buyers from Alberta, and a key attraction is a big tax break on home purchases.

“There is no GST and no property transfer tax,” said **Curt Jansen**, vice-president of sales and marketing at Skaha Hills. The average buyer can save about \$50,000 in taxes, he estimated, compared to buying freehold property of the same value.

The tax savings flow from a long-term lease and profit-sharing agreement with the **Penticton Indian Band** on whose land **Greyback Construction** is building 600 homes in the \$250 million development at Penticton’s Skaha Lake.

The 47 homes in the first phase, which includes an 18-hole golf course, sold out in six months. The designs eschew rustic in favour of modernist, energy-saving, open-concept plans that maximize lake views.

A second phase, just launched, will see average villa prices rise to \$460,000.

“We’re seeing 20 per cent Alberta buyers investing in Skaha Hills. The majority are baby boomers and empty nesters that have been looking forward to buying a new property in Penticton for a long time. They are not as reliant on high oil prices to make this transition in life,” Jansen said.

According to the **BC Real Estate Association**, baby boomers



**Origin at Spring Creek, Canmore: retirees can buy or lease suites in resort-style community.** |

ORIGIN ACTIVE LIFESTYLE COMMUNITIES

motivated by a lifestyle change hoping to retire in the Okanagan are financially insulated and better equipped to resist an economic downturn. Its housing forecast is for residential sales in B.C. to rise 2.4 per cent to 86,050 units this year and a further 3.9 per cent to 89,400 units in 2016. It reports, "Many Albertans near retirement may choose to cash out now and move to popular B.C. communities like Parksville and Penticton."

## Canmore zoomers

But Albertans close to retirement may opt

to invest instead right at home, according to **Neil Prashad**, president of **Origin Active Lifestyle Communities**, which recently opened the upscale, 110-suite Origin at Spring Creek in Canmore.

The \$38 million community, designed like a five-star resort, is aimed at well-heeled retirees seeking a zoomer lifestyle.

State-of-the-art amenities include a salt-water pool, movie theatre, beauty and wellness services, a spa and tavern, as well as a restaurant with a Red Seal executive chef.

Retirees can buy a condominium suite in the complex or opt to lease, Prashad explained.

All amenities associated with ownership,

such as all meals, housekeeping, laundry service, access to professional nursing attendants and support staff, monthly check-ups and recreation and social programs are included in leasing packages.

Of the 110 homes, 54 are included in the leasing program while the remainder have been offered for sale. Studio apartments lease from \$2,900, one-bedroom suites from \$3,600 and two-bedroom suites from \$4,800.

Origin at Spring Creek is currently 40 per cent leased, and a grand opening is being planned for this fall. ■



**Skaha Hills at Penticton: no goods and services tax and no property transfer tax.**

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