

FUTURE OF B.C. HOUSING

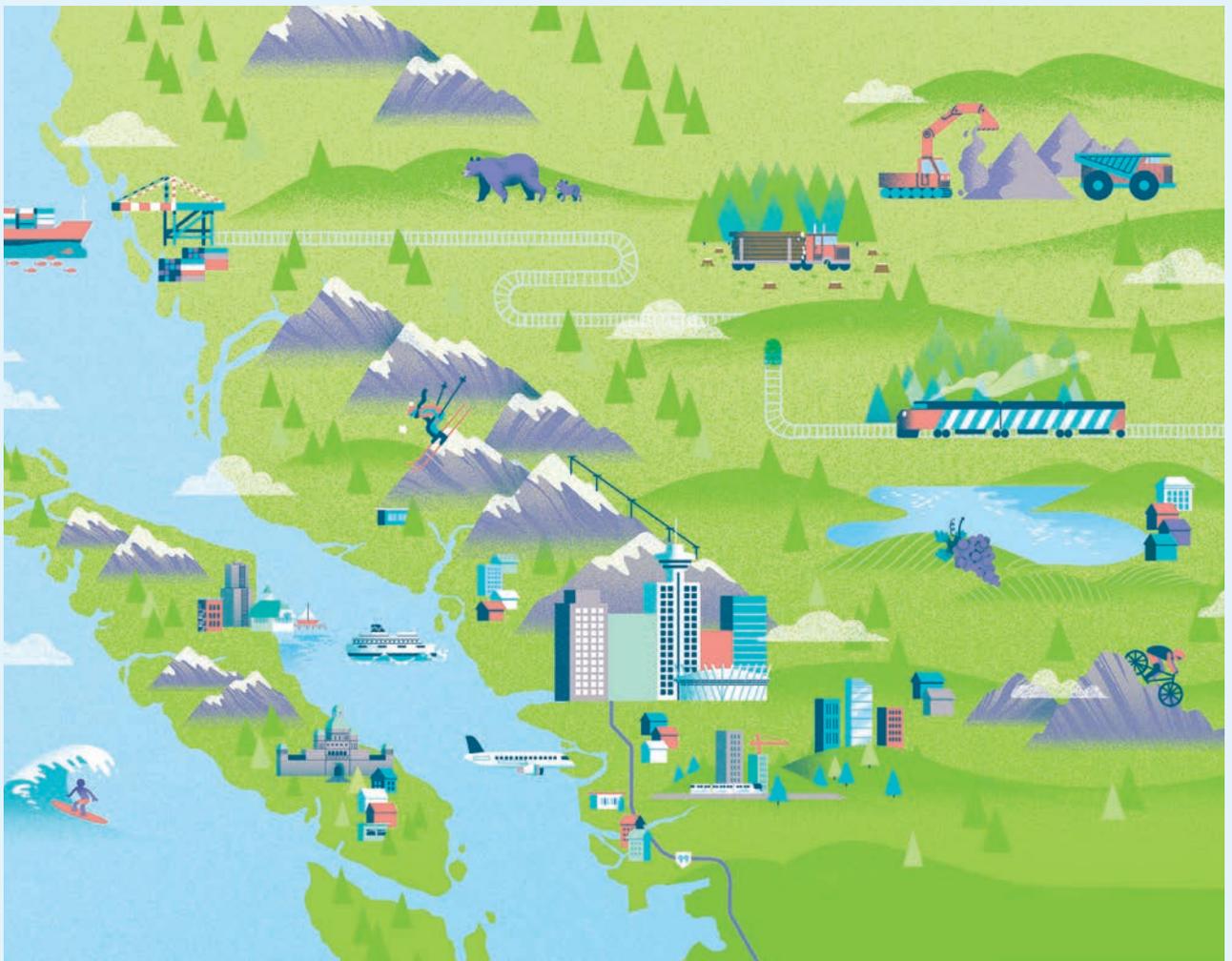
A study of buyer and renter sentiment in British Columbia

REAL ESTATE'S
NEXT HOTSPOTS
P. 20

MILLENNIALS VS.
EVERYBODY
P. 30

ANDY YAN ON
THE SENIOR TSUNAMI
P. 40

THE HOME OF THE
FUTURE—BY AGE
P. 44



WELCOME TO THE FUTURE.

Resonance Consultancy creates development strategies, plans, policies and brands that shape the future of places around the world.

We have advised real estate developers, destination marketers and governments in more than 75 countries.

We provide these leading public and private sector organizations with research, visioning, strategic planning, development strategy and brand storytelling to enhance their prosperity, sustainability and resiliency.

Learn more at ResonanceCo.com



The Future of Living in Super, Natural British Columbia

British Columbia has always attracted dreamers—seekers of divine aesthetic, on-demand leisure year-round and the freedom that only a towering mountain range or the briny scent of the ocean can reaffirm.

The allure isn't new, as evidenced by the 10,000 years or so of local human habitation. But it's sustained. It's why so many who've come since—following gold, fish stocks or Expo 86—either stay or make plans to return, next time with their families.

Owning a piece of this water- and mountain-embraced land has always commanded a premium, elevated by an immigrant class that differs from the rest of the country—less 'starting over' and more 'curating their future in the right place.'

But it's in the past decade, with a shrinking planet, easier global migration, the 2010 Winter Games and an improving education system, that British Columbia has caught the nation's—and the world's—interest as a vanguard of the good life: clean, safe, liberal and welcoming.

More recently, curiosity turned, as it often does, into obsession. In April 2015, Laurence D. Fink, chairman of BlackRock, Inc., the world's largest asset manager, told the global 1% that comprise his clientele that real estate “in Manhattan, apartments in Vancouver, in London” are superior to gold—*gold!*—as instruments for “global families worldwide to store wealth outside their country.”

Greater Vancouver—home to more than half the B.C. population—is now mentioned along with such global centres as New York, London, San Francisco and Sydney, with its housing and real estate suddenly subject to the same commodification as other financial assets... but with a fraction of the high-paying jobs that justify such valuations.

Since the hunt for ROI, value for money and undiscovered opportunities can rarely be contained, Vancouver is now awash in profit-taking by locals and foreign cash increasingly comfortable outside of the city's Agricultural Land Reserve.

Despite the rapid evolution of province-wide real estate investment, it was a lack of province-wide holistic research and analysis that inspired us at Resonance Consultancy to survey British Columbians—not Vancouverites, not Canadians, but British Columbians—about their opinions on the future of housing and living in a place increasingly coveted by the world.

For us at Resonance Consultancy, this report has special meaning. As a strategic planning, branding and marketing consultancy that works with countries, cities and communities all over the world, we are often observers—and architects—of the transformation cities and regions undergo to attract investment and spur economic growth. To see this happening in



our hometown and province was an opportunity to strategically and meaningfully find the signal in the noise and contribute to a much-needed conversation about a province-wide housing solution, not just a municipal one.

We let our neighbours of all ages—from Campbell River to Cranbrook—do the talking about where they see the price of their homes headed (spoiler: up!), what they need from builders to live comfortably in retirement and how much room they need to raise a family in a reality where the cost of a square foot exceeds \$1,000 in many places.

Whether you're a developer, real estate agent, first-time buyer or downsizing senior, this report provides a compass bearing for the next five years, directly from the people who live here—your customers, buyers, neighbours, friends and family.

We hope you find it valuable and look forward to your questions and insights about the future of living in British Columbia.

A handwritten signature in black ink, appearing to read 'Chris Fair'.

Chris Fair, President
Resonance Consultancy Ltd.
cfair@resonanceco.com

Contents

THE BIG FINDINGS

08 The Report's Key Takeaways

With an almost unanimous assumption that B.C. housing and land prices will keep rising, how do homebuilders satisfy local buyers' new demands over the next five years?

THE NEXT FIVE YEARS

14 The Future of B.C. Housing, According to Those Who Live Here

What does housing on Canada's West Coast look like over the next five years? Our deep insights from hundreds of British Columbians of all ages and socioeconomic stripes reveal rapidly evolving attitudes and preferences.



Page 14

17 The Methodology

The British Columbians who shared their opinions on the future of housing in the province.



Page 34

WHERE THEY'RE GOING NEXT

20 Mapping the Movements

A visual guide to where British Columbians are considering moving next.

22 Vancouver Stirs the Drink

The province's largest city and its unprecedented real estate gains over the past three years are directly affecting future migration within B.C.

24 Local Trends & Growth Patterns

A region-by-region breakdown of housing trajectories and opportunities over the next five years.

PROFILING THE BRITISH COLUMBIAN BUYER

30 Buyer Profile: Millennials

The next big buying demographic is the most disruptive to development and real estate 'business as usual.' From opting out of homeownership altogether to blazing new trails to afford single-family homes, Millennials go their own way.

32 Buyer Profile: Boomers

The generation pundits peg as most likely to divest and downsize isn't entirely ready to do so.

34 Buyer Profile: Gen-X

Challenged with stagnant wages but buoyed by appreciating real estate equity, British Columbians aged 36 to 54 are restless in their current homes and are likely to move in the next five years in a voracious hunt for more housing value.

36 Buyer Profile: Families

Households with kids are unwilling to compromise on the fundamentals, no matter how expensive the roofs over their heads may be. But everything else—from square footage to commute time—is negotiable.



Page 36

38 Buyer Profile: B.C. Residents of Asian Ethnicity

Vancouver's largest immigrant demo differs tremendously from the non-Asian sample we surveyed. Asian preference is more urban, and quality of amenities is more crucial—attitudes that will only intensify in future real estate purchases.



Page 38



Page 58

EXPERT INSIGHT



40 Urban Planner and SFU City Program Director Andy Yan

One of B.C.'s most sought-after oracles of real estate sees the province headed into uncharted demographic territory. But opportunities abound for cities and developers.

THE HOME OF THE FUTURE

44 “Forget the Yard, but not the Private Balcony”

With escalating housing prices forcing trade-offs and shifting priorities, our survey reveals what British Columbians will seek from developers in the coming years.

46 The Millennial Home

The location, amenities and price points driving B.C.'s first-time buyers.

48 The Boomer Home

Are B.C.'s oldest buyers really looking to downsize? Our survey results discredit the prevailing myths about this influential demographic.

50 The Gen-X Home

Is the suburban dream alive and well? Yes, but so is sacrificing traditional family amenities to avoid increasingly crushing commutes.

EXPERT INSIGHT



54 SFU Professor and Real Estate Consultant Herb Auerbach

The author of the new book *Placemakers: A Brief History of Real Estate Development* says it's up to us—right now—to save Vancouver's lustre for future generations.

56 B.C. Real Estate Journalist Frances Bula

The award-winning journalist shares the five stories from 2016 that indicate where B.C. housing is headed in the future.

58 Former City of Vancouver Planner Brent Toderian

The urban veteran says B.C. cities risk their magnetic livability if they keep sprouting forests of glass towers. And he knows another way.



THE BIG FINDINGS

A Primer for Real Estate Developers, Investors, Buyers and Sellers

THE REPORT'S KEY INSIGHTS

How to build off of the sentiment of British Columbians expressed in our report.

The data and analysis in the next 50 pages is dense, valuable and, we believe, required reading for real estate professionals, developers, builders and anyone interested in investing in B.C.'s fascinating but perilous property market. This report is also timely, given that housing, poverty and homelessness are by far the largest issues in the May 2017 provincial election. In a December 2016 survey of British Columbians, Insights West (our research partner for this report) found that housing is a priority for 29% of respondents, compared to only 18% for healthcare and 17% for the economy. So perhaps some politicians should leaf through this report as well.

Here are the big takeaways from British Columbians with real estate on the brain (which is to say, almost everyone).

A PROVINCE ON THE MOVE

In the next five years, half of adult British Columbians don't plan on being in the same home they're in today.

More than four in 10 B.C. homeowners and seven in 10 renters plan to buy or rent a different primary residence within the next five years. Among the 51% of B.C. residents likely to move in the next five years, three-quarters are likely to stay in the same city or region. Our study found that among those likely to move to a different city or region, one-quarter are most likely to move to Metro Vancouver, while another quarter are likely to move outside B.C. If you project our sample's sentiment onto the actual populace, that means 3.1% of the B.C. population is intending to leave the province in the next five years.

VANCOUVER COULD SEE A MASSIVE SELL-OFF

Cashing out isn't just for your recently retired neighbour anymore.

A staggering 34% of Metro Vancouver homeowners are planning to sell their homes and move to more affordable markets in the next five years, according to our survey—the highest percentage compared to other regions. Gen-X leads this Greater Vancouver group looking to sell (at 47%), followed by Boomers (32%) and Millennials (21%). This has deep and troubling implications for the city's skilled employee base. Residents of Northern B.C. (23%), Interior/Okanagan (22%), Kootenays (22%) and Vancouver Island (20%) all rank well below Lower Mainland residents in this sentiment.

THE HOME AS RETIREMENT PLAN

The family home is also a vehicle to facilitate retirement, especially for the market's newest entrants.

Overall, 60% of B.C. homeowners said they plan to rely on the equity of their homes to fund their retirements. Millennials and Gen-Xers (tied at 66%) feel this way compared to 53% of Boomers. In Metro Vancouver, more than two-thirds of homeowners (68%) anticipate relying on their home equity to fund their retirements, compared to approximately half in other regions: Vancouver Island (51%), Interior/Okanagan (53%), Kootenays (47%) and Northern B.C. (45%).



More than half of the B.C. population expects to be in a different home in five years.



More than half of British Columbians (60%) say they plan to sell their home to fund retirement.

VANCOUVER OR BUST FOR B.C. MILLENNIALS

The province's youngest owners and renters want to live in the Lower Mainland. Or nowhere.

Our analysis of B.C. Millennials' sentiments about preferred location reveals an attitude of "Greater Vancouver or nowhere." Among all B.C. Millennials asked "If money was no object, where would you move to?" Greater Vancouver ranked first, with 68% listing it as their top choice. Furthermore, 70% of B.C. Millennial respondents said they are likely to move in the next five years. While more than three-quarters are planning to remain in their current regions, the 19% migrating will end up either in Greater Vancouver (45%) or "Outside of B.C." (38%). There is a tremendous challenge ahead for policy-makers and politicians to make Greater Vancouver affordable and welcoming for Millennials. Failure to do so, as their sentiment indicates, likely means losing many of them for good.

TAXES ARE COOL

Taxing foreign investment and limiting foreign investment in the housing market are viewed as the most sustainable solutions.

When asked to evaluate a number of potential solutions to alleviate the current housing affordability issue in the province, British Columbians are most likely to feel that taxing foreign investment (70%) and limiting foreign investment (67%) are the most sustainable solutions. Less than half (47%) feel that investing in more amenities and infrastructure in suburban areas to create new economic centres outside downtown is a sustainable solution. Residents are least likely (10%) to agree that increasing property taxes on single-family homes to encourage higher density development is a sustainable solution.

NOT CONVINCED OF THE SHARING ECONOMY

B.C. residents are more likely to think short-term housing services have had a negative impact on availability of rental housing.

No matter how lovely those Vancouverites in the Airbnb TV ads are, most British Columbians are wary of short-term housing services, with 45% of our survey respondents convinced that services like Airbnb have had a negative impact on the availability of rental housing in their area, and with 21% going so far as to call it "very negative." This stands in contrast to just 11% who think these services have had a positive impact and 2% who call them "very positive." A further 15% of respondents feel there has been no impact, while 28% are unsure. At 57%, Greater Vancouver respondents are most likely to think short-term housing services have had a negative impact. Despite the overall aversion to services like Airbnb, 25% of Millennials, 24% of Gen-Xers and 14% of Boomers say they would consider renting part of their home via a service like Airbnb to help cover their cost of living.

"In five years, half of adult British Columbians don't plan on being in the same home they are in today. Despite this mobility, three-quarters are likely to stay within the same city or region."

THE NEW MORTGAGE RULES BITE

Almost half (48%) of B.C. residents feel the new, more stringent mortgage-lending rules have impacted their ability to purchase new homes. The new mortgage-lending conditions require homebuyers with down payments of less than 20% to qualify for a bank’s posted five-year benchmark rate.

Not surprisingly, given the new need for higher income and larger down payments, Millennials indicate the greatest perceived impact (59%).

A VARIETY OF HOMEOWNERSHIP FINANCING

The varied ways British Columbians pay for their homes.

Respondents are fairly equally grouped in the ways they currently pay for their homes: through single income, double income or living in a home that’s completely paid for. British Columbians living outside Greater Vancouver and Vancouver Island are more likely to have their homes completely paid for. More

“Almost half (48%) of B.C. residents feel the new, more stringent mortgage-lending rules have had an impact on their ability to purchase new homes.”

than half of Boomers surveyed indicated that their homes are paid off, compared to one in seven Millennial and Gen-X respondents. Most Millennials (42%) and Gen-Xers (41%) pay for their homes with double household incomes (both adults work), compared to 18% for Boomers. Gen-X respondents are also most likely to make do on a single income (39%) to pay for housing, compared to 32% for Millennials and 27% for Boomers.

INHERIT THE WINDFALL?

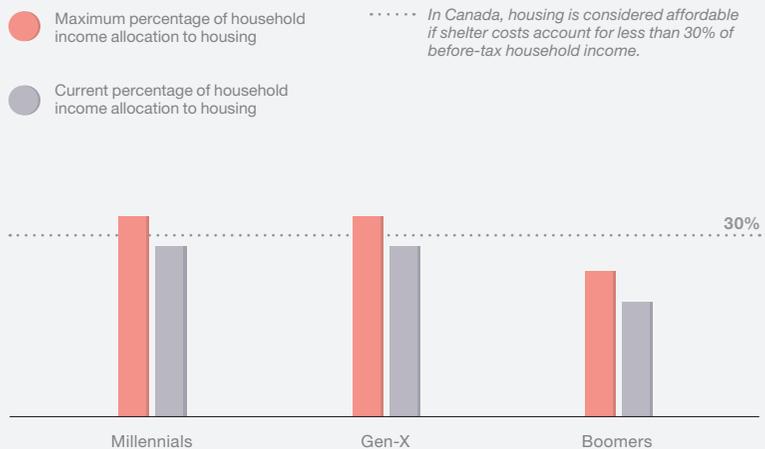
A quarter of Millennials expect family help when buying their next home.

British Columbians on the whole don’t appear to be an entitled bunch, based on their expectations around inheritance. More than half (57%) do not expect

financial support from family and friends to pay for their next home. While it’s expected to see Boomers doling out rather than inheriting the spoils (80% of them don’t expect any help), it’s notable that 59% of Gen-Xers don’t expect any help in purchasing their next home. Millennials expect to gain the most from years of rapid price appreciation of the family home: only 39% said they are not expecting any home-purchasing help. One in four Millennials expects financial support from family members/friends when purchasing their next home (25%), compared to 11% for Gen-X. In terms of inheritance, 10% of Millennials, 9% of Gen-X and 11% of Boomers anticipate family cash to help with housing affordability.

INCOME ALLOCATION TO HOUSING

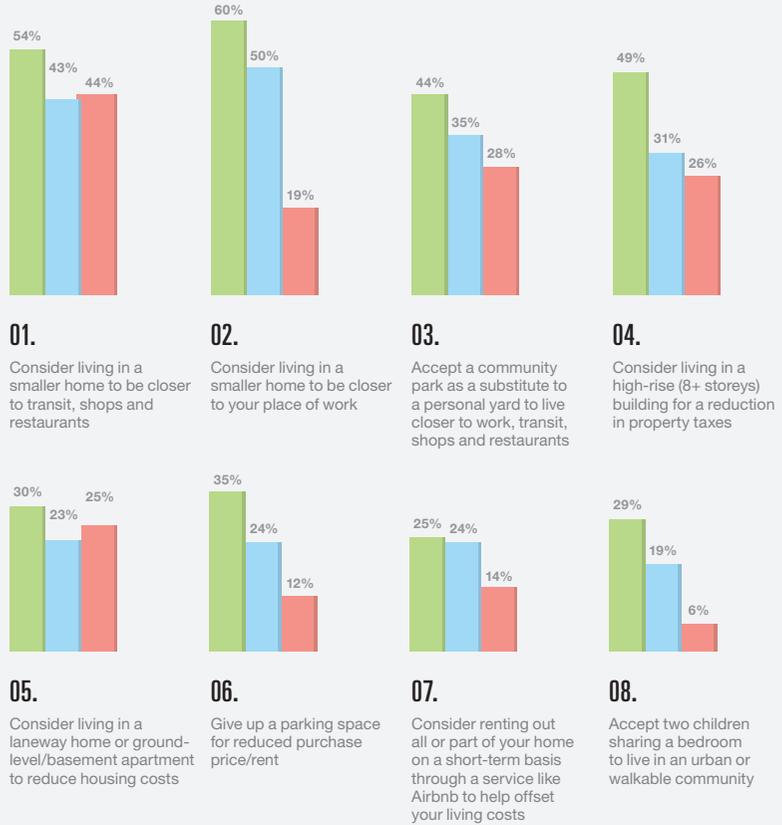
Compared to Boomers, Gen-X and Millennial respondents said they dedicate a larger portion of their household income to mortgage or rent payments. Greater Vancouver residents also dedicate a larger proportion to shelter than those living in other regions of the province.



What percentage of your household income (before taxes) do you dedicate to mortgage/rent? n= 782
 What is the maximum percentage of your household income (before taxes) that you could dedicate to mortgage/rent? n= 782
 BASE: Likely to move in next 5 years

THE TRADE-OFFS FOR AFFORDABILITY

Millennials are more willing to make trade-offs to reduce housing costs and to live in urban, walkable environments closer to amenities, work and transit.



When choosing a new home to live in would you: n= 1,714

SPACE IS NEGOTIABLE

Almost half (46%) of British Columbians considering the purchase of a new home said they would consider living in a smaller space to be closer to transit, shops and restaurants. Additionally, 42% indicated they'd consider living in a smaller home to be closer to their place of work.

MY BACKYARD IS YOUR BACKYARD

In what amounts to massive compromise given the value and preference survey respondents placed on single-family homes, more than a third (35%) would accept a community park as a substitute to a personal yard to live closer to work.

MULTI-FAMILY LIVING... IN THE NAME OF TAXES

High-rise living is also an increasingly accepted compromise for affordability, with 34% of British Columbians stating that they'd consider living in a tower for a reduction in property taxes. More than a quarter of prospective home purchasers (26%) would consider living in a laneway home or ground-level or basement apartment to reduce housing costs.

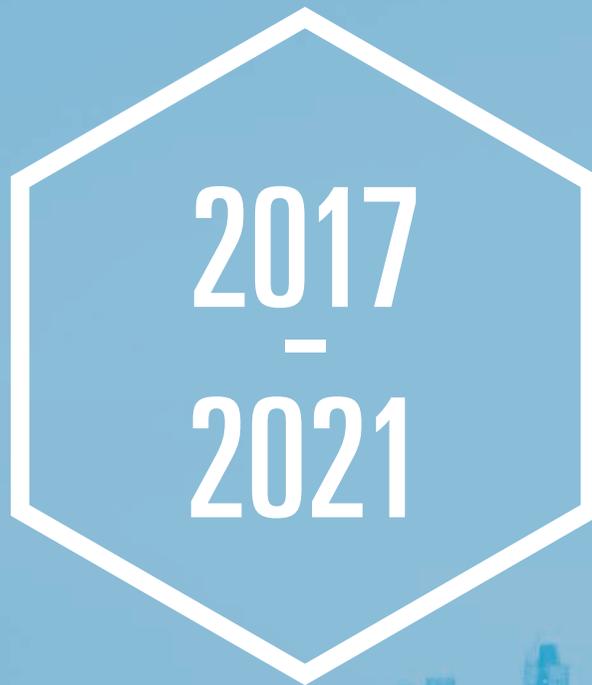
MILLENNIALS ARE WILLING TO NEGOTIATE

B.C. Millennials are more willing to choose access and amenities over home square footage than older respondents. The majority of Millennials (60%) would consider living in a smaller home to live closer to work, with 54% willing to

sacrifice space to be closer to transit, shops and restaurants. Half of B.C. Millennials (49%) would consider living in a high-rise building (8+ storeys) for a reduction in property taxes.

WHAT'S NOT NEGOTIABLE

While it's de rigeur for affordability advocates to suggest the elimination of parking spots to increase density, only 23% of respondents are willing to give up parking spaces for purchase price or rent reductions. A significant percentage of total respondents refuse to rent out all or part of their homes on a short-term basis through a service like Airbnb to help offset living costs (21%). Also not up for negotiation: having two children share a bedroom to be able to afford to live in an urban or walkable community (17%).



2017
-
2021



THE NEXT FIVE YEARS



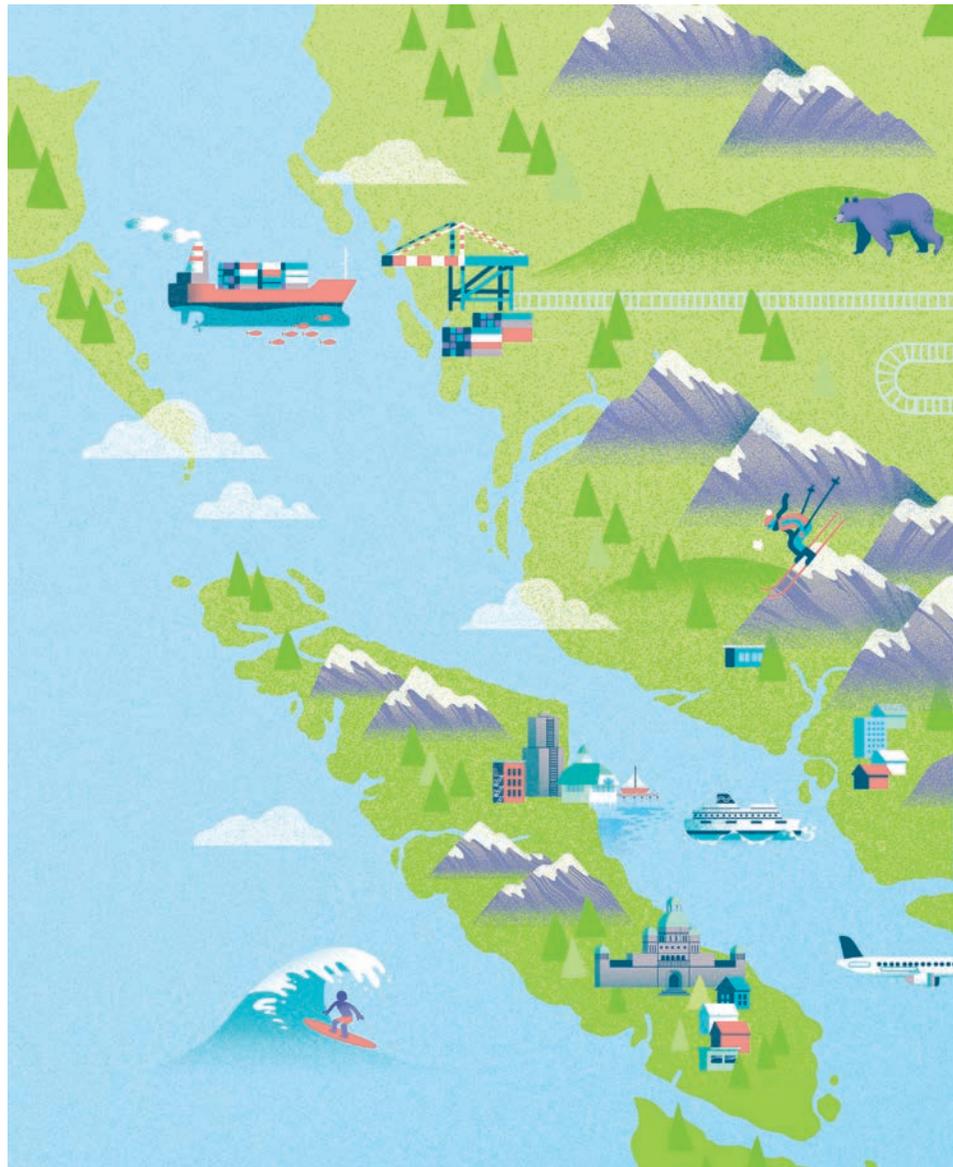
The Next Five Years

THE FUTURE OF B.C. HOUSING, ACCORDING TO THOSE WHO CALL THE PROVINCE HOME

Should anthropologists ever study how humans lived in British Columbia, they'll come to 2016 and put it aside for deeper study as one of the most eventful, contradictory and pivotal years on record.

Take provincial politics (please!). In her February throne speech, Premier Christy Clark refused to pay any attention to spiralling home prices that were earning homeowners more per month than most salaries in the province. "Your government will work carefully to protect the savings and equity that existing homeowners have painstakingly placed in their homes," the Premier said, knowing that real estate wealth bee-lines to voting booths. A few days later, B.C. Liberal MLA Laurie Throness appeared to further kick the renters, the #DontHave1Million and the recently 'renovicted' (although he *did* kind of feel their pain). "I wanted to live in Vancouver, so I explored that option," he told the B.C. Legislature. "I didn't even explore the option of buying a detached home, but I looked for condos and soon found I wasn't able to afford to live there," he said. "There's nothing wrong with that. I didn't go to the papers. I didn't complain to government. I didn't complain to the Opposition. I didn't go to the Human Rights Tribunal. I bought in Abbotsford."

That's quite a cavalier dismissal of citizen sentiment, especially given that, according to our survey, close to three-quarters (74%) of B.C. residents feel the area they live in is unaffordable, with 87% of Metro Vancouverites overwhelmingly convinced they've been priced out.



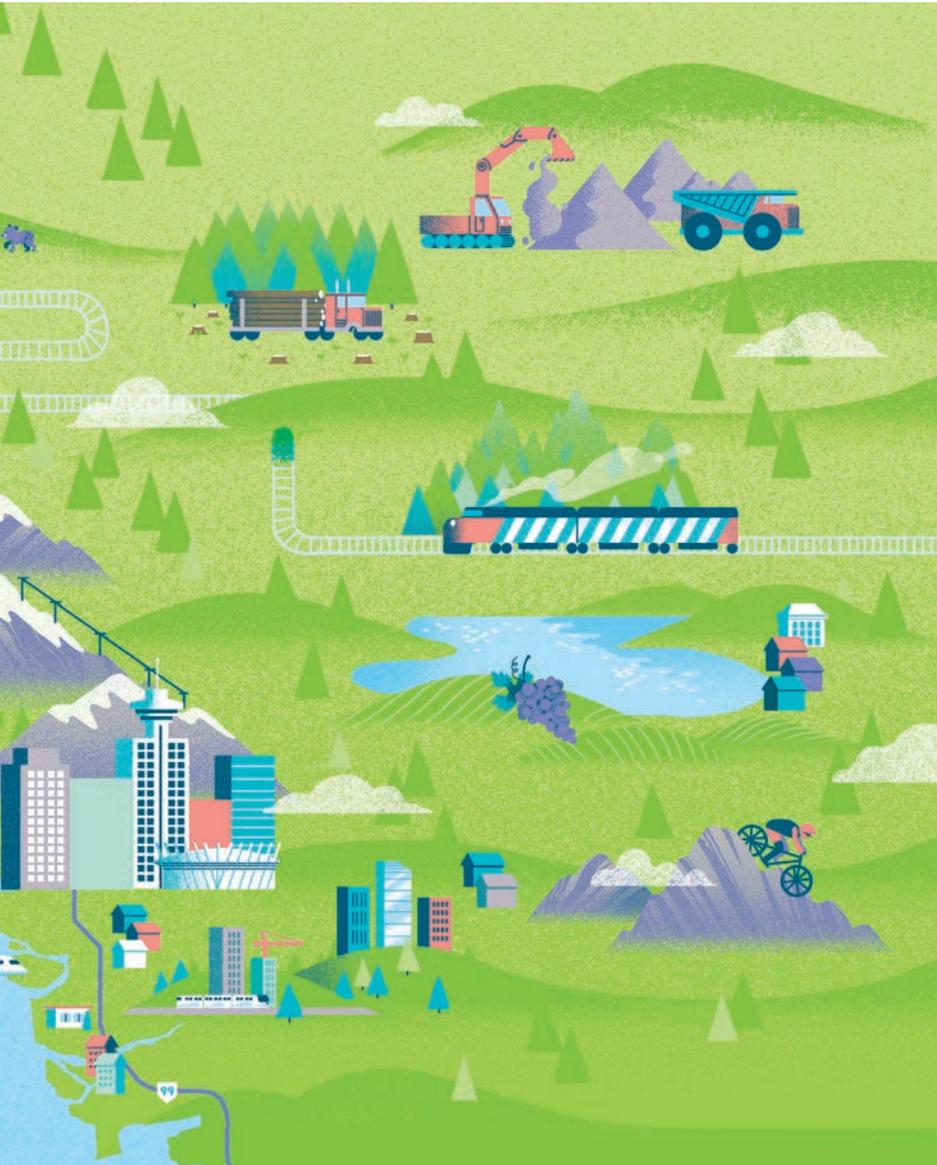
The message from politicians at all levels was clear: We're getting out of this ascending market's way. And don't be racist with all those offshore money conspiracy theories, okay?

A Pricey Pivot

Fast-forward six months and Greater Vancouver has imposed a provincially mandated foreign-owner tax, the City of Vancouver has just rolled out an Empty

Homes Tax and Vancouver Mayor Gregor Robertson allows activists to disrupt an affordability conference featuring high-level speakers and urban affordability experts from around the world (as was the case at October's Re:Address Summit).

The provincial government celebrated National Housing Day in late November by announcing a \$516-million B.C.-wide plan, touted as the largest single-year housing investment by any Canadian



Introducing the regions

The areas of British Columbia analyzed in the *Future of B.C. Housing Report*.



GREATER VANCOUVER

POP: 2,590,921 | 58.9%
SIZE: 16,891 KM² | 0.4%



NANAIMO & VANCOUVER ISLAND NORTH

POP: 315,837 | 7.2%
SIZE: 46,172 KM² | 1.0%



VICTORIA, VANCOUVER ISLAND SOUTH & GULF ISLANDS

POP: 440,323 | 10.0%
SIZE: 5,516 KM² | 0.1%



KELOWNA & THOMPSON OKANAGAN

POP: 520,803 | 11.8%
SIZE: 97,008 KM² | 2.2%



SQUAMISH, WHISTLER & PEMBERTON

POP: 38,171 | 0.9%
SIZE: 16,636 KM² | 0.4%



CRANBROOK, KOOTENAYS & ROCKIES

POP: 146,264 | 3.3%
SIZE: 59,144 KM² | 1.3%



SUNSHINE COAST

POP: 28,619 | 0.7%
SIZE: 3,623 KM² | 0.1%



PRINCE RUPERT, PRINCE GEORGE & NORTHERN B.C.

POP: 319,119 | 7.3%
SIZE: 655,356 KM² | 14.9%

province ever. That this is in addition to a five-year, \$355-million affordable rental-housing investment announced by the B.C. Liberals in February is a significant testament to the palpable fear (expressed throughout our study) that no matter how hard they work, British Columbians can't get out ahead of home prices and rent increases. This investment will prioritize marginalized groups, while the remainder of funds will take years to percolate down

to working families and young workers just starting out.

The Vancouver area has certainly been jolted awake by tectonic forces affecting livability, with rapid, high-profile policies of questionable impact rolled out within weeks of each other in late 2016. But in many ways, the taxes on Greater Vancouver just accelerated price increases across the rest of the province.



Scorching Second Cities

Many Greater Vancouver homeowners, fearing an end to the halcyon days, have cashed in (or are in the process of doing so) and are heading to cities like Victoria, Kelowna and Gibsons. And wouldn't you know it: these secondary markets are now experiencing unprecedented housing appreciation, and the same vicious circle of unaffordability so familiar to Vancouverites is being cruelly localized a dozen times over. Vancouver's taxes to dissuade foreign (and absentee) ownership may even have diverted some foreign investment into untaxed municipalities, say some real estate professionals in those markets. Just take a look at South Vancouver Island's real estate market over the last three months of 2016 to see this in action.

So despite the good (albeit tardy) intentions of local and provincial governments to cool Vancouver's roiling housing market, a lack of coordinated, province-wide planning to deal with the long-term ramifications of Lower Mainland—and global—money flowing into the rest of the province may very well have caused the pot to boil over into regions from the Island to the Interior.

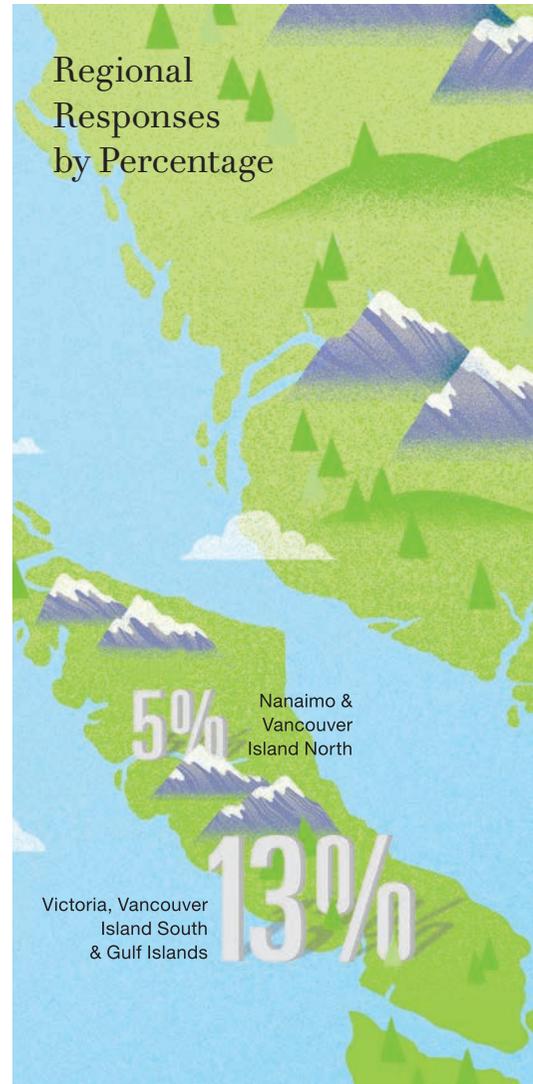
Mayor Robertson certainly recognizes the uphill battle of affordability facing British Columbians and is finally initiating collaboration across governments. "The core cities feel the pressure, but we are only starting to map the patterns of the impact of housing crises on a provincial level," the Mayor told Resonance.

"You only need to look at the price increases and homeless camps from Victoria to the Fraser Valley. We have to engage this crisis as a region, and we are working together from a regional perspective on a solution by collaboration. That includes necessary additional support from different levels of government."

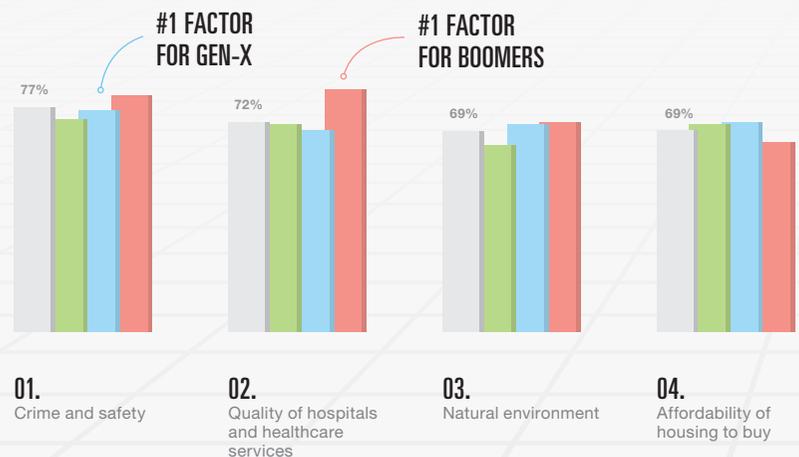
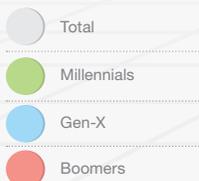
It is in this pivotal maelstrom—this year of unprecedented policy moves whose efficacy will only be evaluated years from now—that the Resonance *Future of B.C. Housing Report* has sought to capture the sentiment of British Columbian buyers, renters... citizens. Their profound insights provide vital signals about their expectations, their thresholds and their home-buying habits. It's required reading whether you're in the real estate industry or planning your family's future in this increasingly coveted West Coast playground.

"The core cities feel the pressure, but we are only starting to map the patterns of the impact of housing crises on a provincial level."

VANCOUVER MAYOR
GREGOR ROBERTSON



Factors influencing British Columbians when choosing a city or region to live in



On a scale of 1-10, how important would you rank each of the following factors when choosing a city or region to live? n= 1,714



The Methodology

SAMPLE SIZE

We asked 1,714 British Columbians about their housing preferences and where they would most like to live in B.C.

INTAKE DATES

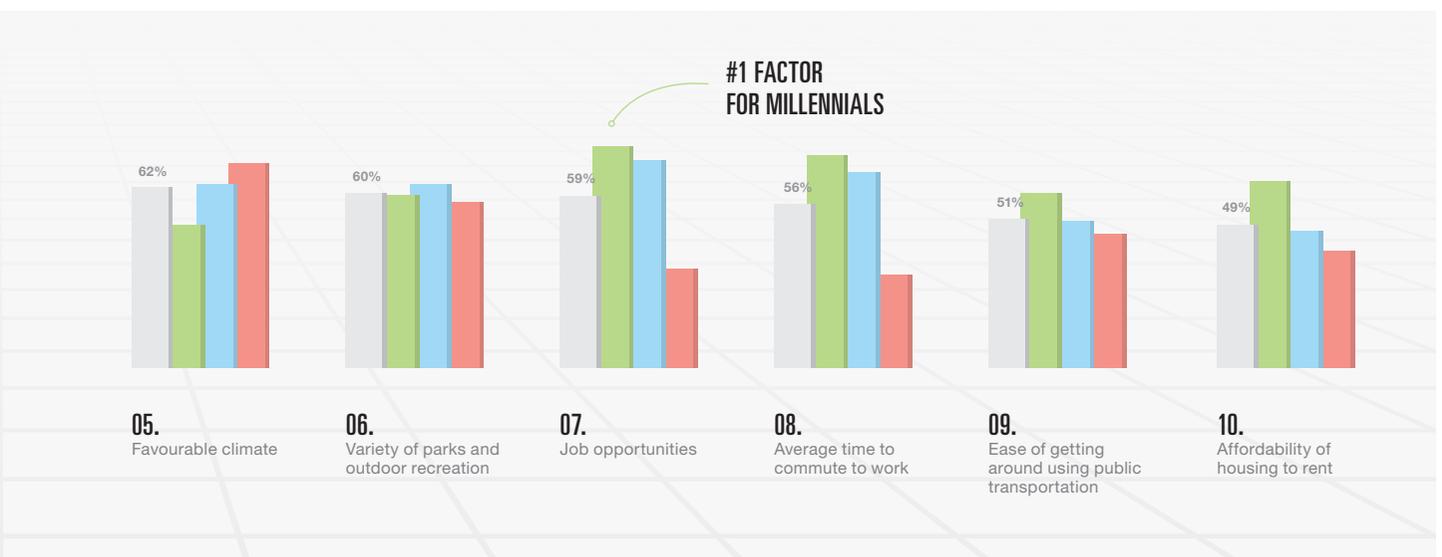
Results reflect an online study conducted by Insights West from October 13 to October 31, 2016.

WEIGHTING

The data has been statistically weighted according to Canadian census figures for age, gender and region. The breakdown of the population is as follows: 78% of respondents lived in B.C. prior to moving to their current location, 16% lived elsewhere in Canada and 7% lived outside of Canada. From the total sample, 59% of B.C. respondents have been living in their current location for more than 10 years, while only 11% have been living there less than two years. Out of the total sample, 65% of B.C. respondents are owners, while 27% currently rent.

DEMOGRAPHICS

- 27% Millennials (aged 18 - 34)
- 36% Gen-X (aged 35 - 54)
- 37% Boomers (aged 55+)





WHERE THEY'RE GOING NEXT

Page 20 | Mapping the Movements

Page 22 | Vancouver Stirs the Drink

Page 24 | Local Market Trends & Growth Patterns

BIG PROVINCE, BIG PLANS

The geography of the *Future of B.C. Housing Report*

In order to better understand the local real estate trends of the province, we at Resonance Consultancy analyzed proportional responses from eight regions (listed on the right). We also asked respondents about their intent to move to each of these regions in the next five years, in an attempt to measure future in-province migration patterns.

Why? Because the story of real estate in British Columbia is not confined to Greater Vancouver. As recently as five years ago, while the city and inner suburbs sprinted toward and right through million-dollar valuations, the rest of the province stood still. Some, like Victoria and the Sunshine Coast, even stumbled backwards, to levels not seen since well before the Great Recession.

As such, the future of housing in the province is being influenced by the potential divestment of real estate in one region (usually Vancouver) in order to maximize housing value and affordability in another. It's a fascinating chess game whose strategy differs—sometimes significantly—depending on age and the need to support a family.

The intent to buy in one part of the province compared to another is just one piece of the puzzle, of course, but it's a massive one. Housing types and amenities also figure prominently in the seismic forces shaping life on Canada's West Coast, and we explore these in subsequent chapters. Location, location, location, however, is the elixir. With Vancouver stirring the drink.

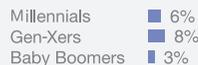
Where British Columbians would prefer to live in the province “if money was no object.”



PRINCE RUPERT, PRINCE GEORGE & NORTHERN B.C.



SQUAMISH, WHISTLER & PEMBERTON



NANAIMO & VANCOUVER ISLAND NORTH



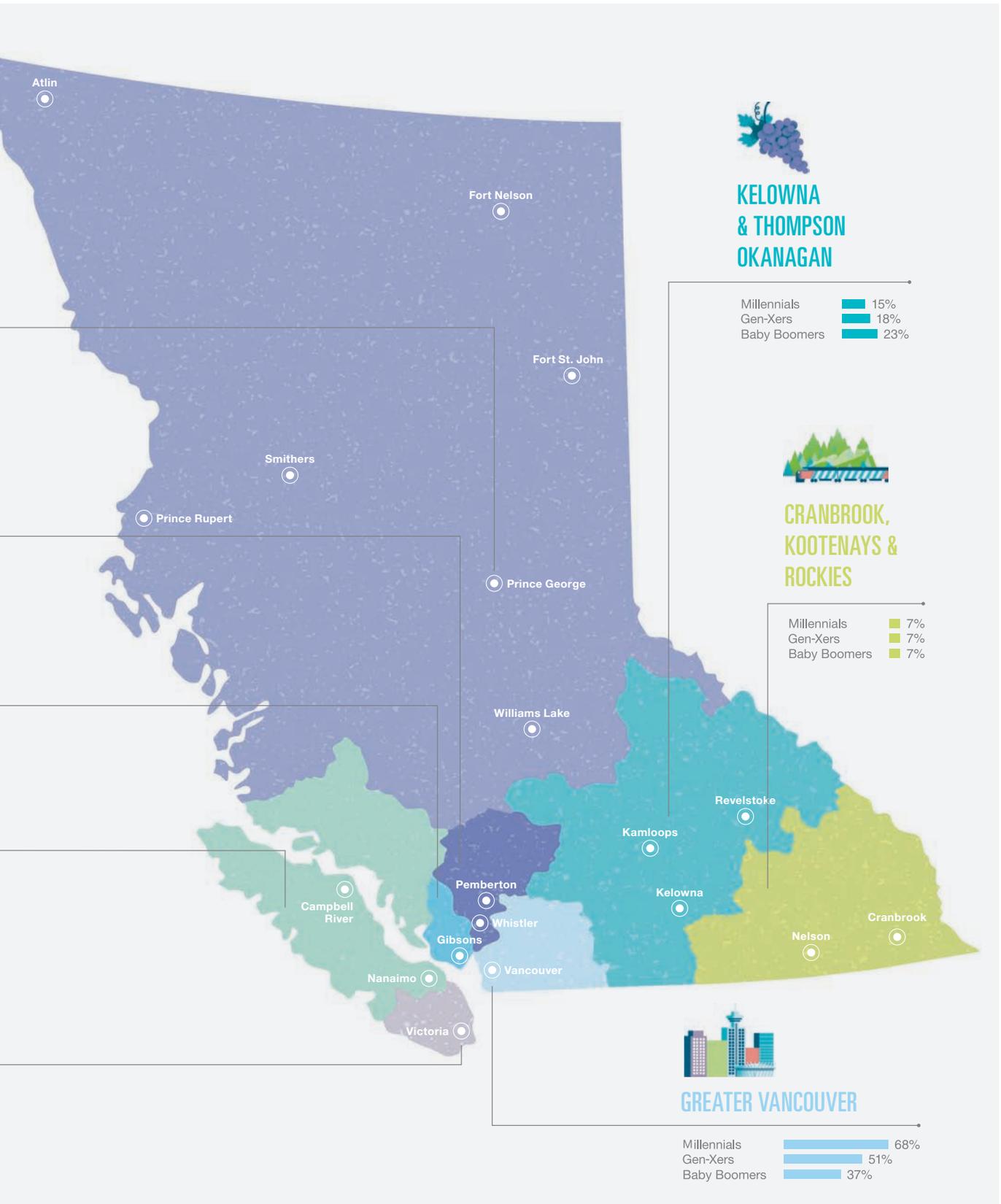
SUNSHINE COAST



VICTORIA, VANCOUVER ISLAND SOUTH & GULF ISLANDS



If money was no object, which B.C. region would you most like to live in, would consider living in or would never consider living in? n = 1,714



The Vancouver Effect

The future of real estate in B.C. can be found on lots ranging from 4,000 to 10,000 square feet, from Langley to Horseshoe Bay. It's there that you find the staggering exponential appreciation of land bought not just in the '80s but as recently as just prior to the 2010 Olympic Winter Games.

It's been an unprecedentedly robust (and recent) run-up. But with cracks in the Greater Vancouver housing foundation increasingly visible—from the coordinated impact of the localized, provincially imposed 15% foreign-buyer tax to the municipal empty homes tax to the federal closing of a tax loophole that previously allowed some foreign investors to avoid paying capital gains taxes as their homes appreciated in value—the great Vancouver cash-out appears to be underway... at least if the past six months of price increases across the rest of the province are any indication. It's not just money from Vancouver, of course. Buyers priced out of single-family homes are finding backyards for under a million—under half a million—in plenty of places outside of Greater Vancouver.

Fraser Valley and Victoria: the New Vancouver

According to local real estate boards, a detached home in the Fraser Valley is up more than 30% year-over-year—a torrid ascent that matches Vancouver's. Victoria is up almost 18% after actually experiencing a slight drop between 2013 and 2014. The Okanagan area is up 10%.

"If you're going to cash out of your Vancouver goldmine," Urban Planner and SFU City Program Director Andy Yan tells Resonance, "you're going to seek a place with most of the big-city sophistication on a smaller scale. In B.C., smaller versions of Vancouver are in Victoria and Kelowna."

Vancouver still rules, especially among Millennials

Despite the exodus tide that's lifting all of B.C.'s real estate boats, Vancouver's homeowners are not leaving in droves, nor are prospective buyers giving up on the region.

According to our survey, 73% of Greater Vancouver future homebuyers are planning to buy in the Vancouver area. This is largely composed of Millennials, who are least likely to leave the big city. Among the other 22% who intend to leave the city, Gen-X make up the largest cohort at 39%, followed by Boomers (31%). At 30%, Millennials are less likely to be looking to buy a home outside of Vancouver.

Among Greater Vancouver residents who indicated a likelihood of moving in the next five years, a third (32%) intend to remain in the Metro region. "Outside of B.C." was the second most preferred destination at 23%, with Kelowna at 13%, Nanaimo and Vancouver Island North tied with Victoria, Vancouver Island South and the Gulf Islands at 10% each.

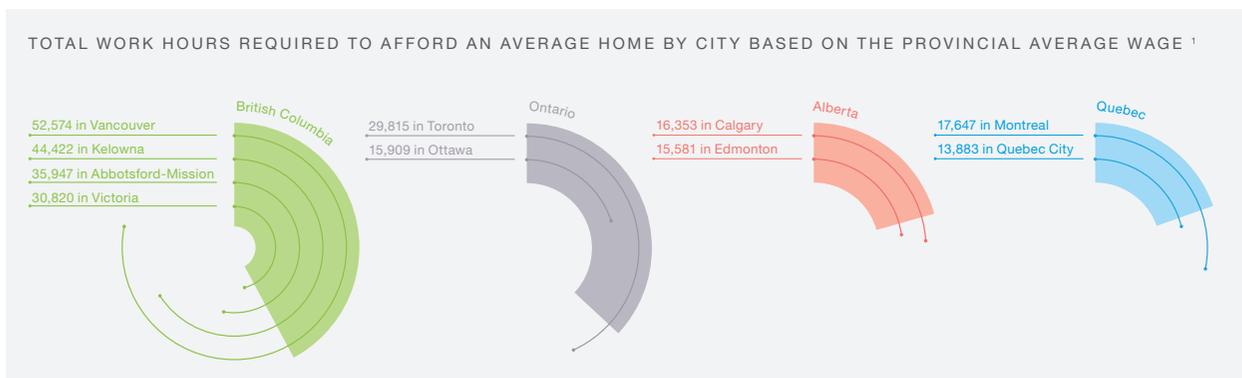
Further confirmation of Vancouver's appeal came in the survey-wide preference, if money was no object,

"Among those who are likely to move to a different region, Gen-X (39%) is leading the Vancouver exodus, citing insufficient size of their homes (34%), the fact that their current homes are too expensive (24%) and the desire to live in different locations (24%) as a reason for doing so."

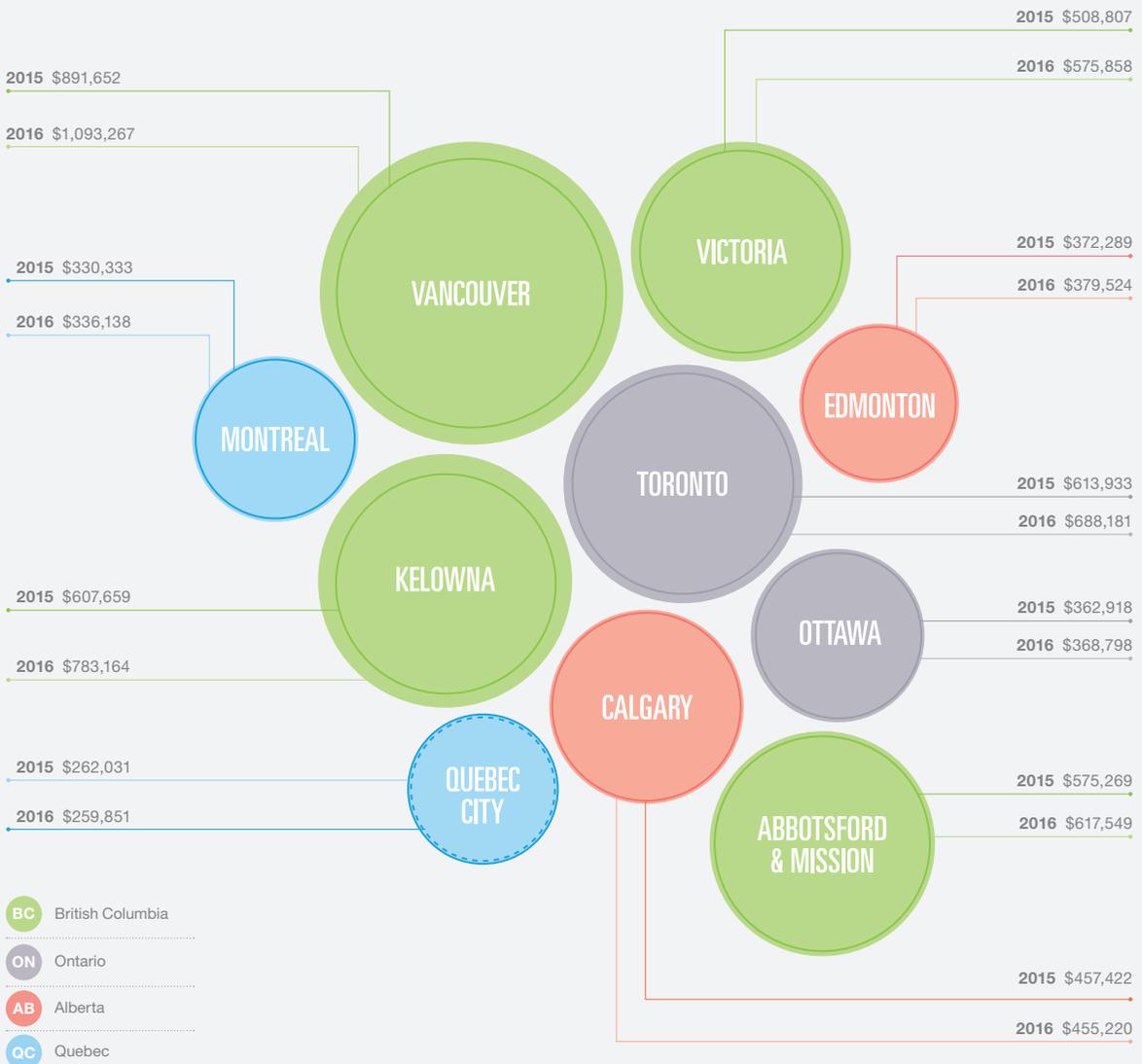
to live in Vancouver. A staggering 51% of British Columbians would reside within the region if they could afford it, with Millennials leading the pack at 68%. Clearly, the buyers of the future prefer to live in B.C.'s most populous region.

Driving forces behind the great cash-out

Among those who are likely to move to a different region, Gen-X (39%) is leading the Vancouver exodus, citing insufficient size of their homes (34%), the fact that their current homes are too expensive (24%) and the desire to live in different locations (24%) as reasons for doing so.



AVERAGE HOUSE PRICES BY CITY ²



Boomers (31%) planning to leave Vancouver cite retirement (50%) and downsizing to capitalize on equity (43%) as factors for moving. Almost a third of Boomers (30%) say they're moving out of Greater Vancouver because their homes are too large.

Interestingly, Millennials who intend to leave Vancouver say their current homes are insufficient (43%), would like to own and not rent (39%) and would like to live in different locations (38%).

A palpable fear of being priced out

Most renters in B.C. have given up on

homeownership in the city where they currently live, with Greater Vancouver (88%) and Vancouver Island (84%) having the steepest slopes to homeownership. Renters feel somewhat more optimistic in the Interior/Okanagan (76%), the Kootenays (72%) and Northern B.C. (59%).

Ultimately, optimism among homeowners – and not just in Vancouver

A great majority of B.C. homeowners feel the value of their homes has increased greatly over the past three years. Not surprisingly, jubilation is highest among Greater Vancouver

residents (90%), followed by Vancouver Island (69%), the Interior/Okanagan (64%), Northern B.C. (62%) and the Kootenays (53%). The future looks bleak for future affordability, with 75% of B.C. homeowners expecting similar gains over the next five years. Homeowners are the most optimistic on Vancouver Island (81%), the Interior/Okanagan (80%), Greater Vancouver (73%), Northern B.C. (67%) and the Kootenays (66%).

(1) (2) Canada Mortgage and Housing Corporation and the Canadian Real Estate Association – average calculated using the costs of all dwellings, from micro-condos to mansions. Statistics Canada, CANSIM

1. GREATER VANCOUVER



Vancouverites are as accustomed to ascending real estate prices as they are to payoff exits by the Canucks. But with an increasingly louder chorus chanting “bubble” and “perilous” combined with much-discussed taxes and regulation recently implemented or announced, Vancouver seems to have hit a wall in both sales activity and property appreciation.

According to local statistics firm SnapStats, detached house prices on Vancouver’s gilded West Side slid 16% in September 2016, with median sale prices dropping from \$3.55 million to \$2.99 million in the second half of the summer.

In places like Vancouver’s North Shore, homes selling in the \$1.5- to \$2-million range sat for more than a month in late fall. But the deep freeze thaws as prices drop, with condos and townhomes still very hot, up 23% over the summer to a median price of \$590,000. In Tsawwassen, lower-priced multi-family homes were up 40% over the summer.

According to our survey, British Columbians feel this is a temporary stall. When asked about where in the province they would consider moving to, 25% picked Greater Vancouver—more than any other location. A distant second was Kelowna & Thompson Okanagan at 13%. Another indication that the Vancouver market still has regional appeal is how seemingly unconcerned Greater Vancouver Millennial survey respondents are about the cost of Vancouver housing, ranking their current homes as “too expensive” all the way in fifth place. “Size of current home,” “Preferring to own vs. rent,” “Living in a different location,” and “Employment opportunity” all ranked ahead of “Affordability of housing to buy.”

2. VICTORIA & VANCOUVER ISLAND SOUTH



“Victoria just got 15% cheaper!” That was a common realtor refrain heard by the rest of the province across the Strait of Georgia when Vancouver’s foreign-buyer tax was introduced in August 2016. Indeed, a smoking market that enjoyed 23% annual appreciation in 2016 (according to the local real estate board) turned red hot in the month after the introduction of Vancouver’s foreign buyer-targeted taxes. Although it’s difficult to trace foreign capital diverted from Vancouver to Victoria, B.C.’s capital city will benefit from its tax-free openness to global investment. But plenty of domestic sentiment is fuelling South Vancouver Island, too, starting with Vancouverites selling high and going west. According to our survey, Victoria is perceived as a coveted place to live, with Greater Vancouverites identifying it as the second-preferred location to move to, after Vancouver. Notably, 23% of B.C. Gen-Xers looking to move elsewhere (if money was no object) prefer Victoria, followed by 22% of Boomers and 18% of Millennials. Mike Nugent, president of the Victoria Real Estate Board, notes that it’s not just B.C. dollars flowing in. Homeowners cashing out across the country are making their loonies work harder by opting for the South Island versus the Southern States and their 30% premium.

3. NANAIMO & VANCOUVER ISLAND NORTH



Nanaimo and everything north of it is also driving an Island-wide boom. According to the Resonance survey, among residents likely to buy or rent in the next five years, 80% of Vancouver Island respondents are likely to stay in the region, compared to 73% from Metro Vancouver.

The entire Island was up 7% in 2016, with the Vancouver Island Real Estate Board’s median list price hitting \$350,400 while the average price of a single-family home was \$397,375. Even sleepy resource regions like Comox Valley are scorching, up almost 10% in 2016 with the benchmark home price hitting \$354,100. Nanaimo, the second largest urban centre on the Island after Victoria, has always been a popular relocation zone, with plentiful housing stock and affordable prices. That all may change, with a year-over-year benchmark price increase of 6%, to \$367,000.

4. SUNSHINE COAST



It’s been a sunny 2016 for the 180-km pearl string stretching up from the ferry-accessible headland northwest of Vancouver. Spring property sales increased 140% from a year earlier, with more building lots sold over the summer than in all of 2015, according to local real estate estimates. The community of 50,000 people—with housing stock that is almost entirely single-family homes hovering around the half-million-dollar mark—is also attracting density and luxury stock designed for weekend warriors starting at under \$200,000. Of course, the investment will really flow if we see significant progress on the much-studied fixed-link road between the Sunshine Coast and Squamish, which can range from one to two hours, depending on the route. A report was due in early 2017 after intensive community consultation and open houses.

Housing Market Insights by Region

5. KOOTENAYS



A region of rivers, lakes and snow-capped mountains, it's no wonder the Kootenays has become a stopping point for Albertans turning their backs on their troubled Wild Rose Country and heading west. Gone are the days when British Columbians would move to Alberta for jobs; and as that trend reverses, the Kootenay region is benefiting. In October 2016, as the year closed in on being the busiest since 2007, sales of all types of homes were up 15% year over year. But if anything is to dampen the region's outlook, it's opportunity. Of Kootenay residents Resonance surveyed who are likely to move in the next five years, 29% cite lack of employment opportunity as the main factor—the highest percentage in the province. In Nelson, a shortage of rental housing is also approaching local crisis territory, with a Vancouver-like vacancy rate of 0.4% and a need for suitable housing for young working adults, persons with disabilities and fixed-income seniors. Fortunately for the town, a promised investment of \$355 million over five years from B.C. Housing is kicking in in 2017. At least residents are less likely to have to fight for housing with cash-rich Greater Vancouver transplants: only Northern B.C. is less popular as a relocation destination for Greater Vancouver residents, according to our survey.

6. SQUAMISH, WHISTLER & PEMBERTON



For all the speculation and conspiracy theories about foreign capital flowing into Greater Vancouver, there's seemingly less anxiety in Whistler, the resort town that survives on up to a quarter of foreign ownership and has seen double-digit home price increases since 2014. The resort municipality has bounced back off the mat, further bolstered by April 2016's announcement of a \$345-million development plan, which includes residential. The recent \$1.4-billion purchase of the resort by Vail Resorts should also catch the eye of U.S. investors—currently making up less than 10% of owners, according to local realtors—buying at a deep exchange discount. The market has matched the Lower Mainland, with duplexes skyrocketing 42% year over year from October 2015 according to the Real Estate Board of Greater Vancouver, and condos following with a 14% increase based on Whistler Listing Service tracking. Squamish, although lacking the international appeal of its northern neighbour, is embracing something the rest of B.C. homebuyers can't get enough of: two- and three-bedroom family-sized townhomes, which seem to be foreign tax-proof. According to the Real Estate Board of Greater Vancouver, Squamish single-family home sales declined by 42% from September to October and condos by 23%. And the trusty Squamish townhome? Sales were up 40% while prices reached a new high of \$636,200, a price increase of 33% year over year. Small wonder, then, that at least three new townhome developments are launching in 2017.

7. PRINCE RUPERT, PRINCE GEORGE & NORTHERN B.C.



According to our survey, Northern B.C. is considered to be the most affordable region in the province. It's likely to stay that way, based on our Northern B.C. respondents' preference to remain right where they are, even if money was no object. Greater Vancouver money is unlikely to spike local prices, as Northern B.C. ranks last in likelihood for relocation by Greater Vancouverites. The British Columbia Real Estate Association has forecast price appreciation barely exceeding inflation, with an average MLS home price of \$272,500. With the recent quashing of the Northern Gateway pipeline by the federal government, the economy will not receive a much-needed boost.



8. KELOWNA & THOMPSON OKANAGAN

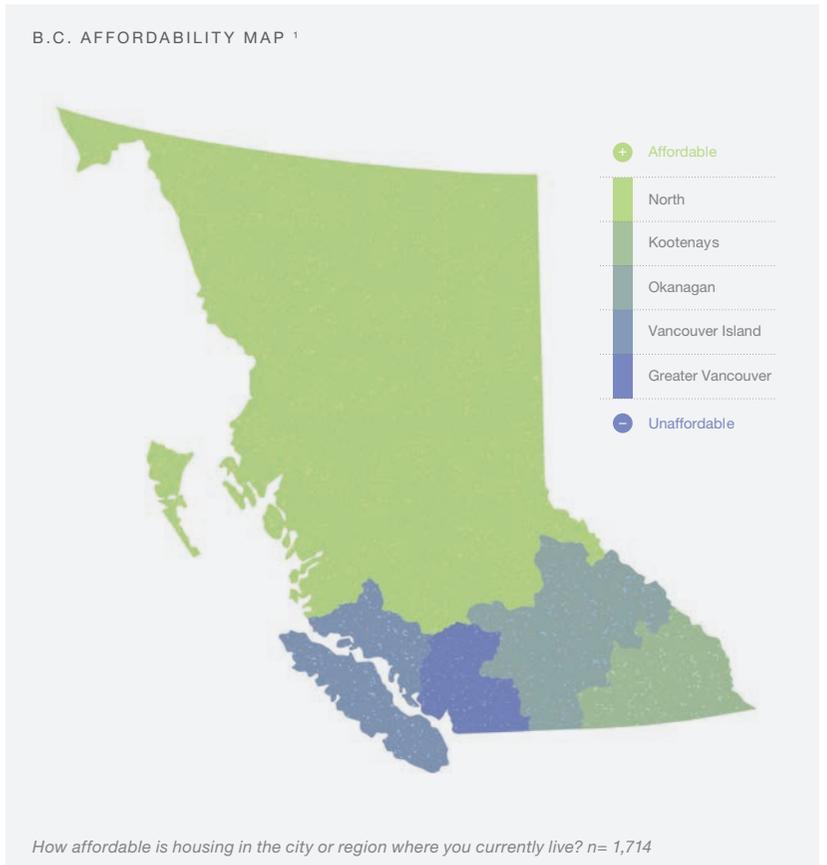


This region's star continues to rise, buoyed by a gilded reputation as a land of high-end living and fine wine and food. Outdoor recreation at one's doorstep only sweetens the deal. Connectivity is also driving the area's appeal, with two international airports in Kamloops and Kelowna not only key to vacation homeowners but to a thriving homegrown economy driven by a heady mix of Albertan entrepreneurship and a local pride born from being almost a five-hour drive from either Vancouver or Calgary. According to the Resonance survey, Kelowna & Thompson Okanagan is among the most coveted relocation destinations for British Columbians, second only to Greater Vancouver. The area's housing price increase surpassed Vancouver's in 2016, according to CMHC and the Canadian Real Estate Association, with a year-over-year price increase of 28.8% (compared to 22.6% in Vancouver) to hit a median home price of \$783,164. According to our survey, sentiment from local buyers gives this market room to run yet: Kelowna & Thompson Okanagan ranked second overall for all B.C. Boomers who were asked where they would move to in the province if money was no object. Given the real estate wealth and purchasing power many Boomers hold in B.C., this sentiment bodes well for further price increases in the region for the rest of the decade.



Kelowna is a popular retirement destination in the province.

B.C. AFFORDABILITY MAP 1



(1) The B.C. heat map shows the sentiment of affordability by major region, Greater Vancouver being the less affordable region followed by Vancouver Island and the Okanagan region.

How affordable is housing in the city or region where you currently live? n = 1,714



PROFILING THE B.C. BUYER

Page 30 | Millennials

Page 32 | Boomers

Page 34 | Gen-X

Page 36 | Families

Page 38 | B.C. Residents of Asian Ethnicity

Millennials

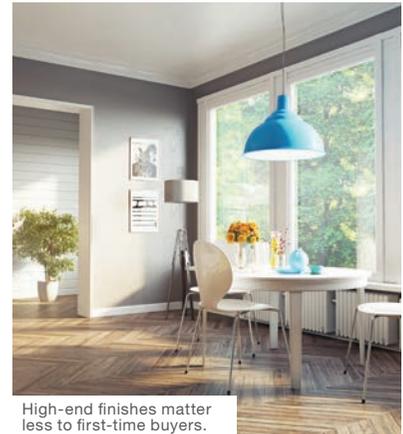
The next big buying demographic is the most disruptive to British Columbia's development and real estate industries over the next five years. From opting out of homeownership altogether to blazing new trails to afford single-family homes, Millennials are going their own way.

The headlines scream that they're leaving for Toronto. Or that they've given up on homeownership altogether. And that they don't even dare consider the unattainable luxury of single-family homes. The Resonance survey, however, finds a very different reality around housing sentiment from the next powerful home-buying demographic in British Columbia. The idea that B.C. cities are being hollowed out of a class of workers at their productivity peak is challenged by the fact that Millennials value living downtown as much as (actually a little bit more than) living in the suburbs. But challenges to keeping young, productive, cheap workers in B.C. remain. More on that in a bit.

While it's true that Millennials are incredibly mobile, with 70% of our respondents anticipating moving in the next five years, they are not planning to flee their communities in a mass exodus. Most of them (76%) are likely to stay in the same area when they move. The 19% of Millennials planning to leave the region where they currently live will do so because they'd like to live in a different location (42%), the size of their current home is insufficient (40%) or they'd like to own instead of rent (40%).

In terms of where in the province Millennials would like to live if money was no object, Greater Vancouver (and its jobs) ranks first (68%), followed by Victoria & Vancouver Island South (18%). Notably, "Outside of B.C." was a very close fourth (14%) with Kelowna & Thompson Okanagan (15%), meaning that if Millennials could afford it.

Millennials have an acute conviction that their city or region of residence is unaffordable (80%, compared to 78% for Gen-X and 65% for Boomers). They are also more likely to blame foreign buyers for the lack of affordability and higher prices in the province (86%) compared to Gen-X (82%) and Boomers (77%).



High-end finishes matter less to first-time buyers.

Despite this sentiment, Millennials are planning to fight for property ownership, with 76% of renters stating that it's important on a personal level to become a homeowner—the highest sentiment in this regard out of all the demographics. Additionally, 61% of Millennials would like to purchase a single-family home one day, compared to 36% preferring townhouses and 27% apartments or condominiums.

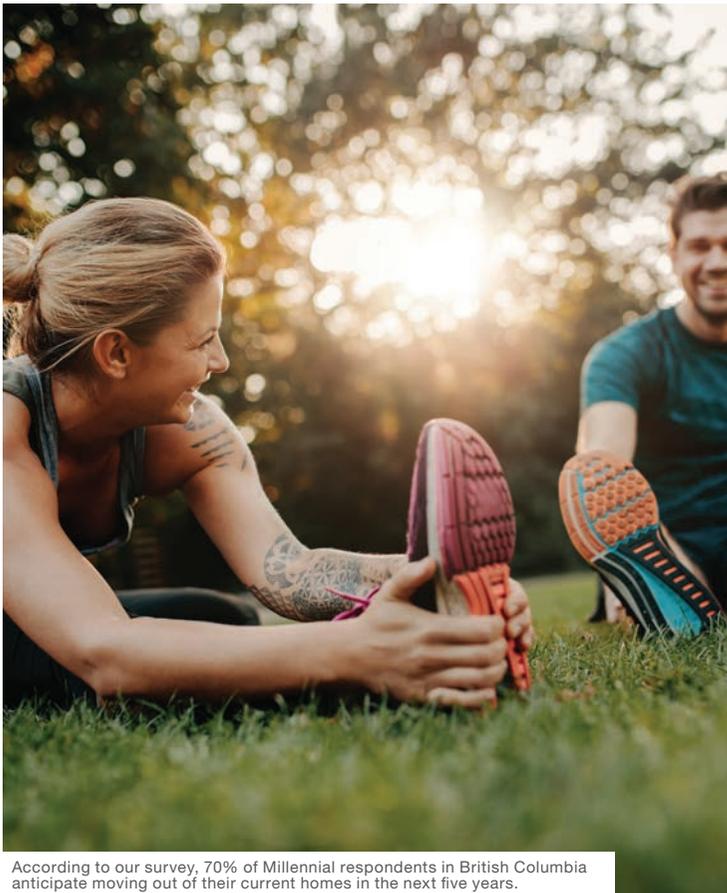
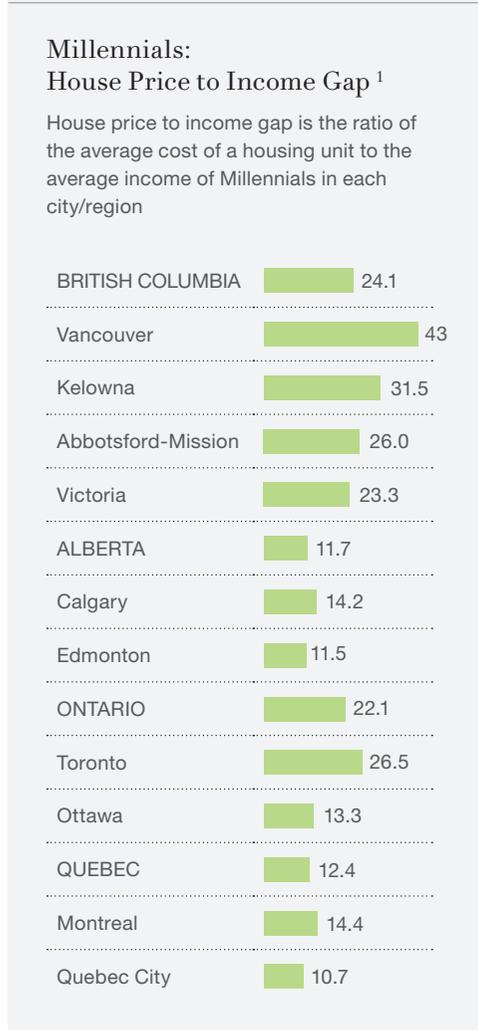
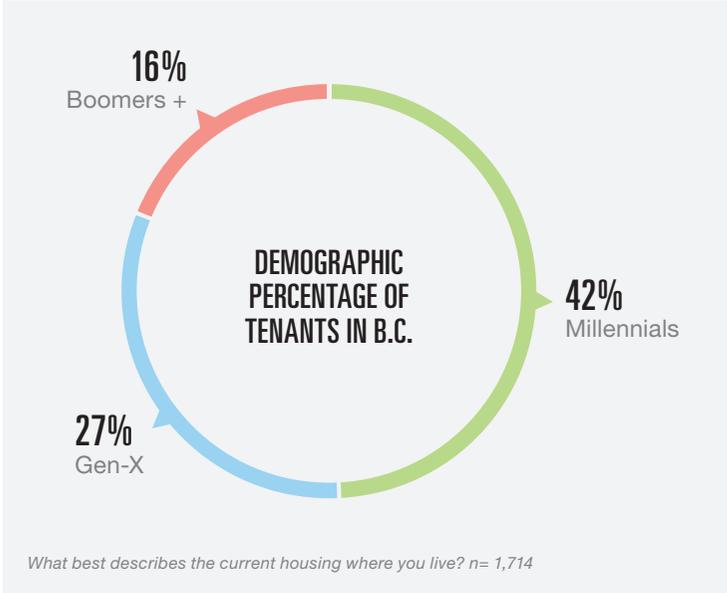
TOP 5 FACTORS FOR MILLENNIALS WHEN CHOOSING A CITY/REGION TO LIVE IN:

- 1 Job opportunities
- 2 Average time to commute to work
- 3 Crime and safety
- 4 Affordability of housing to buy
- 5 Affordability of housing to rent

On a scale of 1-10, how important would you rank each of the following factors when choosing a city or region to live? n= 249

“If money was no object, Millennials would prefer to live in Greater Vancouver first, followed by Victoria & Vancouver Island South.”

(1) Canada Mortgage and Housing Corporation and the Canadian Real Estate Association – average calculated using the costs of all dwellings, from micro-condos to mansions.



According to our survey, 70% of Millennial respondents in British Columbia anticipate moving out of their current homes in the next five years.

Boomers

The generation that pundits peg as most likely to divest and downsize is as likely to stay right where they are. B.C. Boomers are a divided generation.

The generation voted by real estate observers as most likely to sell their bungalows that have appreciated tenfold since the '80s and transfer the wealth to their kids and grandkids (thereby keeping the B.C. real estate party going for years) want it known that a slight majority of them are not going anywhere just yet. Based on our survey, 58% of Boomers are not likely to move in the next five years compared to 40% of Gen-Xers and 26% of Millennials.

B.C. Boomers expect to age in place partly because they enjoy their homes and communities and their proximity to friends and family. That said, the 36% of Boomers likely to move in the next five years will do so for retirement (51%), to downsize and capitalize on equity from their family homes (41%) and because their current homes are too large (32%)—almost the mirror opposite of the factors driving Millennials and Gen-Xers to move in search of housing.

The province-wide trend is duplicated in Greater Vancouver where, as real estate marketer Bob Rennie so famously told the annual Urban Development Institute in June 2016, \$197 billion worth of “clear title” (paid-off) real estate exists in 193,000 homes owned by those aged 55 and over. Here, 56% of Boomer respondents are unlikely to move in the next five years, mainly because they like their current homes (78%)—a sentiment higher than in any other demographic—68% like their current communities, and 47% enjoy being close to family and friends. Given their entry into the market decades ago (83% of Boomer respondents own their homes compared to 68% of Gen-Xers and 37% of Millennials), affordability and living close to work are not of much concern.

Compared to other demographics, Boomers are most likely to prefer rural areas and small towns. They consider



The price increases in Kelowna surpassed Vancouver's in 2016.

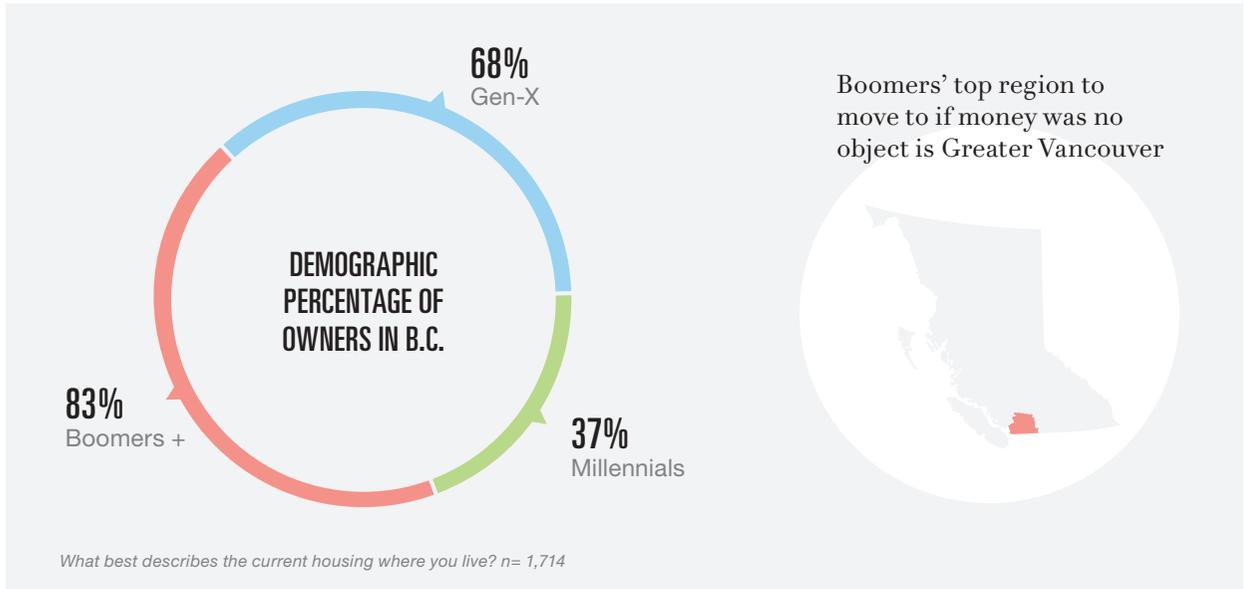
TOP 5 FACTORS FOR BOOMERS WHEN CHOOSING A CITY/REGION TO LIVE IN:

- 1 Quality of hospitals and healthcare services
- 2 Crime and safety
- 3 Natural environment
- 4 Favourable climate
- 5 Affordability of housing to buy

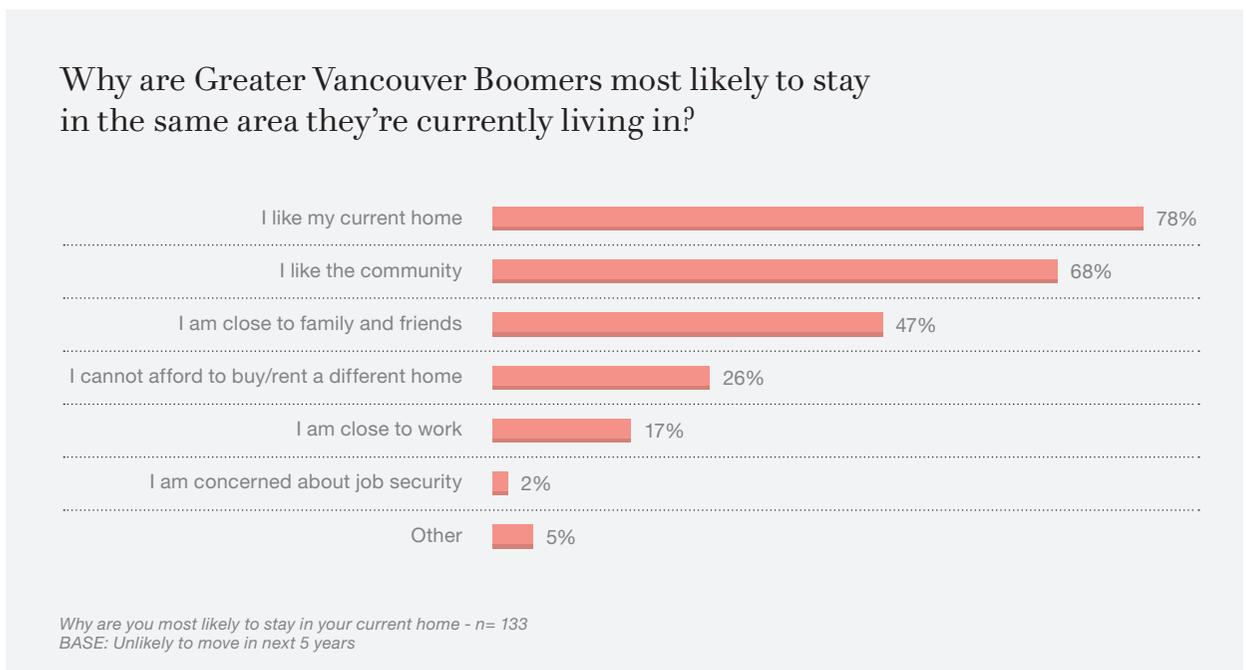
On a scale of 1-10, how important would you rank each of the following factors when choosing a city or region to live? n= 871

suburban communities (29%) as their ideal location, closely followed by downtown areas (26%) and small towns (24%). As for where Boomers would settle if money was no object, 37% would most like to live in Greater Vancouver, compared to 23% in

Kelowna and 22% in Victoria. Boomers considering relocation prioritize quality of hospitals and healthcare services, followed by crime and safety, natural environment and favourable climate. Affordability ranks fifth.



“Boomers considering relocation prioritize quality of hospitals and healthcare services above all else, followed by crime and safety, natural environment and favourable climate. Affordability ranks fifth.”



Gen-X

Challenged with stagnant wages but buoyed up by appreciating real estate equity, more than half of British Columbians aged 36 to 54 are restless in their current homes and are likely to move in the next five years in a voracious hunt for more housing value.

Timing is everything in real estate, and British Columbians between their late 30s and early 50s represent the escalating real estate wealth of Boomers as well as Millennials' anxiety about being left behind. As such, more than half of B.C. Gen-Xers (53%) say they are likely to rent or buy a different home in the next five years. The top factors driving these upcoming moves is the sentiment that the size of the current Gen-X home is insufficient, followed by wanting to live in a different location and by it being too expensive. Securing an employment opportunity and being able to own rather than rent round out the reasons for this restlessness, even though 75% of those anticipating a move say it will be within the same city or region where they currently reside.

The 40% of Gen-Xers planning to stay put are doing so because, first and foremost, they enjoy the communities in which they live, followed by liking their current homes, not being able to afford to buy or rent different homes and being in locations

TOP 5 FACTORS FOR GEN-XERS WHEN CHOOSING A CITY/REGION TO LIVE IN:

- 1 Crime and safety
- 2 Affordability of housing to buy
- 3 Natural environment
- 4 Job opportunities
- 5 Quality of hospitals and healthcare services

On a scale of 1-10, how important would you rank each of the following factors when choosing a city or region to live? n= 594

convenient for work. The sentiment that Gen-Xers are staying put because they cannot afford homes is notable and, at 42%, is far more widespread than for Millennials (36%) and Boomers (25%).

Also notable is that 34% of Gen-X homeowners in B.C. plan to sell their homes and move to more affordable markets, compared to 31% of Millennials and just 23% of Boomers. For Greater Vancouver's Gen-X respondents, 47% strongly agree or somewhat agree with the statement that "I'm planning

to sell my home and move to a more affordable market." This sentiment has potentially significant implications on Greater Vancouver's economy if half of the management-age population is planning on selling and leaving the city in the next five years. If Gen-Xers leave Vancouver entirely (and not just for the cheaper suburbs), who will take the place of retiring Boomers in senior management roles?

Like Boomers, Gen-Xers aspire to live in suburban communities (34%) and downtown areas (32%), while rural areas and small towns are less popular. When considering their next community, Gen-Xers consider crime and safety paramount, followed by affordability, then natural environment, job opportunities, and quality of hospitals and healthcare services.

Their preference for housing type is distinctive, with 31% considering single-family homeownership one day, compared to 20% for townhouses and 19% for apartments or condominiums.



Millennials and Gen-X are more likely to live in townhouses than Boomers.

(1) Canada Mortgage and Housing Corporation and the Canadian Real Estate Association – average calculated using the costs of all dwellings, from micro-condos to mansions.



Preferred locations for B.C. residents

Downtown



Suburban Community



Small Town



Resort Area



Rural Area



Which of the following best describes the ideal location where you would like to live? n= 1,714

Gen-X's top region to move to if money was no object is Greater Vancouver



Gen-X: House Price to Income Gap ¹

House price to income gap is the ratio of the average cost of a housing unit to the average income of Gen-Xers in each city/region

BRITISH COLUMBIA	11.9
Vancouver	20.2
Kelowna	19.1
Abbotsford-Mission	15.6
Victoria	11.3
ALBERTA	5.9
Calgary	6.2
Edmonton	6.0
ONTARIO	9.9
Toronto	11.3
Ottawa	5.8
QUEBEC	6.1
Montreal	6.6
Quebec City	5.1



Millennials and Gen-X say they prefer to live close to urban cores.

Families

Households with kids are unwilling to compromise on the fundamentals, no matter how expensive the roofs over their heads may be. But everything else—from square footage to commute time—is negotiable.

A tip to real estate listing writers: pump those districts. British Columbian families and households with school-aged children place a massive premium on good schools (44% compared to 12% for non-family households), citing this as a significant factor in their home-buying decisions. Other important considerations more predominant among B.C. families compared to other households are the number of bedrooms for their real estate dollar, followed by proximity to work, the presence of an in-law or rental suite, and proximity to good childcare.

The top five overall factors for British Columbian families in choosing a city or region to live in are crime and safety (80%), affordability of housing (at 76%, a greater concern compared to other households), quality of hospitals and

healthcare services (73%), natural environment (72%) and job opportunities (at 67%, a greater concern compared to other households).

The B.C. family still needs room. This is notable given the supposed “condo-kids being raised in 650 sq. ft. are the new normal” reports that seem to dominate Greater Vancouver real estate stories about local families. Among families planning to move within the next five years, the homes they’ll consider must be at least 1,540 sq. ft., with a minimum of three bedrooms—much different from the 1,082 sq. ft., two-bedroom threshold cited by households without children.

Based on the Resonance survey, families prefer to live in suburban communities (40%) compared to 30% for other types of households, and only 26% would prefer to live downtown, compared to 35% of households without children.

Family households are as likely to move as they are to remain in place (51% versus 49%). The top three reasons cited for moving are to live in a different location (34%), the size of the current home is insufficient (32%) and the current home is too expensive (22%), which was cited much more by families than households



Good schools are massive drivers of B.C. family home purchases.

without children. Other reasons for moving given by B.C. families were the need to downsize and capitalize on equity from their current homes (20%) and for retirement (19%).

“Among families planning to move within the next five years, the homes they’ll consider must be at least 1,540 sq. ft., with a minimum of three bedrooms.”

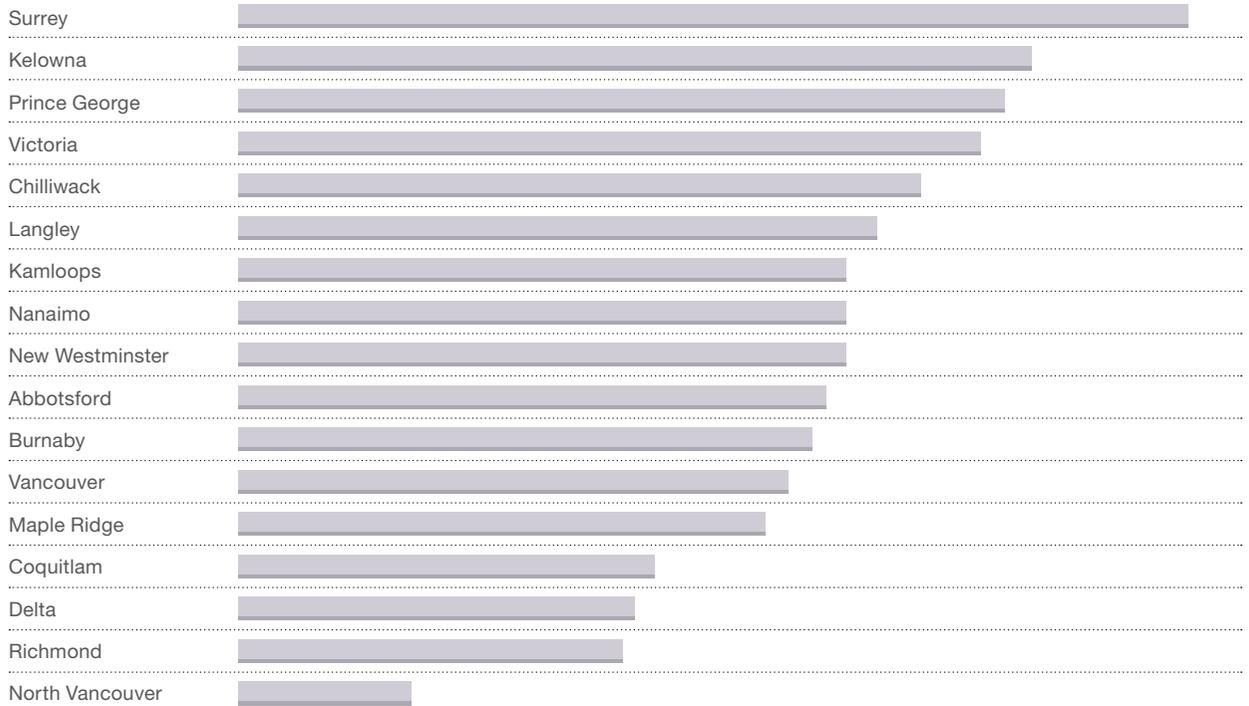
TOP 5 FACTORS FOR B.C. FAMILIES WHEN CHOOSING A CITY/REGION TO LIVE IN:

- 1 Crime and safety
- 2 Affordability of housing to buy
- 3 Quality of hospitals and healthcare services
- 4 Natural environment
- 5 Job opportunities

On a scale of 1-10, how important would you rank each of the following factors when choosing a city or region to live? n= 507

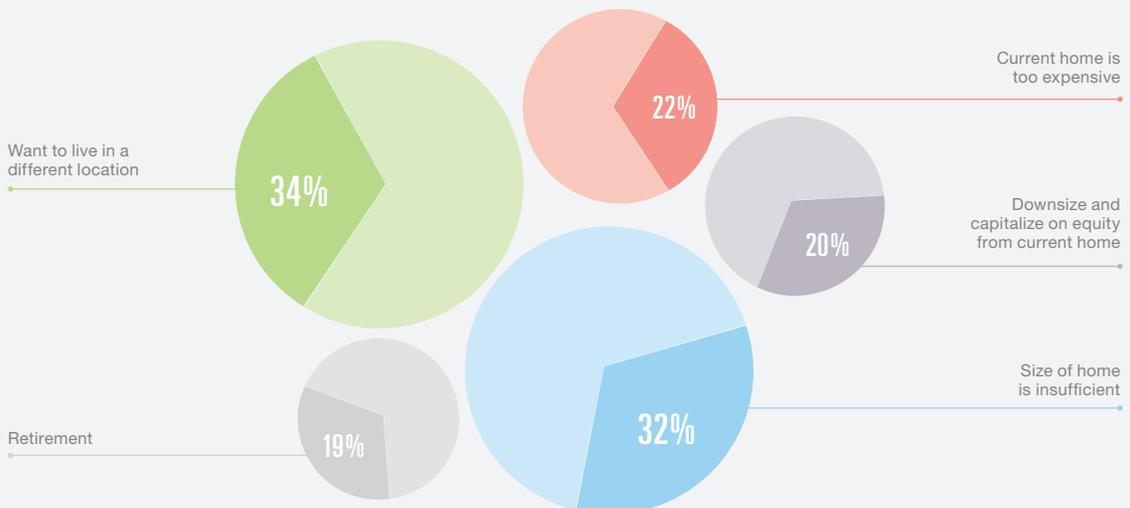


Crime rates across British Columbia¹



(1) Total crime per 100,000 population – Statistics Canada for Municipal Case Study Writers Police Services

Reasons cited by B.C. families for moving within the next five years



Why are you most likely to move? n= 247
 BASE: Likely to move in the next 5 years

B.C. Residents of Asian Ethnicity

Vancouver's largest immigrant demo differs tremendously from the non-Asian sample we surveyed. Asian preference is more urban, and quality of amenities is more crucial. Here's what matters to this increasingly powerful consumer.

Given that British Columbians of Asian descent have made Vancouver the most Asian city outside of Asia, we thought it valuable to examine this growing population's housing sentiment. According to Statistics Canada, 43% of Greater Vancouver is of "Asian" ethnicity (predominantly ethnic Chinese, Indians and Filipinos), eclipsing the next two top North American cities: Toronto (35%) and San Francisco (33%).

When it comes to home-buying factors, the cost of housing is equally important to all residents surveyed. British Columbians of Asian ethnicity over-index in their desire for access to public transit (69%), number of bedrooms in a new home (63%),

proximity to work (63%), overall size of the home (60%), presence of a garage (60%), walking distance to entertainment (59%) and, finally, age of the home or building (59%).

TOP 5 FACTORS WHEN CHOOSING A CITY/REGION TO LIVE IN FOR RESIDENTS OF ASIAN ETHNICITY:

- 1 Crime and safety
- 2 Job opportunities
- 3 Affordability of housing to buy
- 4 Average time to commute to work
- 5 Ease of getting around using public transportation

On a scale of 1-10, how important would you rank each of the following factors when choosing a city or region to live? n= 142

Their preferences differ from the overall sample by the lower importance they place on private outdoor space (44%) and pet friendliness (35%).

As for favoured B.C. locations to move to, Metro Vancouver was cited as desirable by more B.C. Asian respondents than other B.C. residents (83% of Asian respondents would most like to live in Metro Vancouver if money was no object). It's notable that the majority of British Columbians of Asian ethnicity would never consider living in B.C. regions outside of the Lower Mainland. Within Greater Vancouver, the City of Vancouver (78%), Burnaby (53%) and Richmond (30%) over-index as desirable places to live in B.C. much more than for other residents.

Given the above preferences, when considering the ideal location to live, British Columbians of Asian ethnicity are attracted to suburban communities and downtown areas more than other residents Resonance surveyed. They're generally not keen on small towns or rural areas.



Proximity to restaurants is an important feature for future homebuyers.



Preferred locations for residents of Asian ethnicity

Downtown



Suburban Community



Small Town



Rural Area



Top region for B.C. residents of Asian ethnicity to move to if money was no object is Greater Vancouver



Which of the following best describes the ideal location where you would like to live? n= 142

Compared to other B.C. residents surveyed, Asian British Columbians place far greater importance on the age of the home or building. Also vital (compared to other ethnicities) is proximity to good schools and access to fitness facilities. Proximity to good childcare and access to a community centre or clubhouse are also of far greater concern to Asian British Columbians.

When choosing a community, the five most important factors are crime and safety (85%), job opportunities (78%), affordability of housing to buy (76%), average time to commute to work (74%) and ease of getting around using public transportation (73%).

British Columbians of Asian descent surveyed tend to be extremely concerned about the housing market and price fluctuations in their area. In terms of housing preferences, this sample is also open to a smaller house size (1,159 sq. ft. as an average minimum home size) relative to other residents surveyed (1,221 sq. ft. as an average minimum home size).

“British Columbians of Asian descent surveyed tend to be extremely concerned about the housing market and price fluctuations in their area.”



Vancouver is the most Asian city outside of Asia, followed by Toronto and San Francisco.

Expert Insight



ANDY YAN

Urban Planner and SFU City Program Director Andy Yan is one of B.C.'s most sought-after oracles of real estate and urbanism. What does he see for the future of housing in B.C.? A province headed into uncharted demographic territory, with an aging tsunami barreling toward infrastructure and housing ill-prepared for it. But as with any looming crisis, opportunities abound for those who get out in front of it.

THE FORECAST IS GREY, WITH A SLIGHT CHANCE FOR MILLENNIALS

In your many presentations and speaking appearances, you frequently talk about the lack of attention paid to the province's rapidly aging population. So... let's talk old people!

"Good! The conversation starts and ends with this inevitability.

"Think about that. British Columbians aged 90 or older will almost double in the next decade, while those considered retirement age or seniors will grow by almost 50%. This will produce some profound questions about housing, economic development and social infrastructure. How do we service that population? We will see a demographic mix that is unprecedented to any previous generations of British Columbians. The chart [below], perhaps more than any

other, frames the challenges facing B.C. cities and housing planning in the future. Indeed, on a provincial level, 2016 presents an inflection year where the working population supports more people over the age of 65 than under the age of 19—a pattern that has never occurred."

What is the most obvious impact seniors will have on migration patterns over the next decade?

"When you hit 65, do you really want to be in rural B.C. as opposed to being in the city? That's a question that will face more seniors. There is a need for services that may currently not exist in rural B.C. You probably also don't want the 90+ population to drive. And yet they have to get around, be it for shopping or medical appointments. How adaptive will your urban systems—and housing—be?"

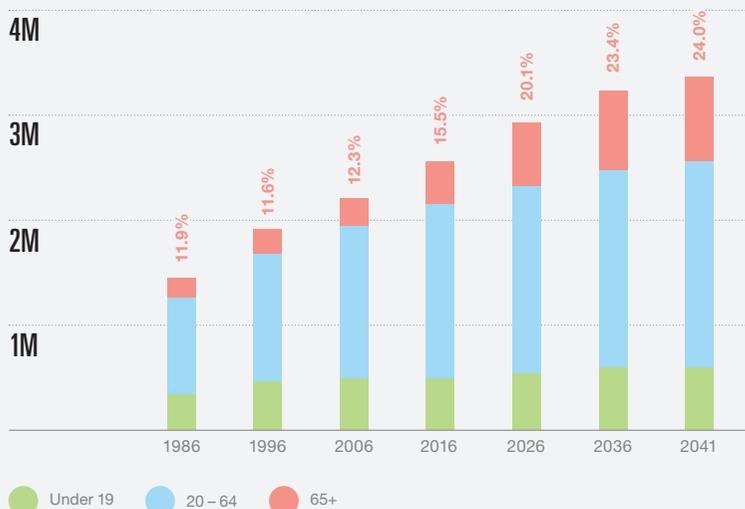
What if the swelling non-urban senior demo can't afford to live in Vancouver?

"The places outside of Vancouver and Victoria that will prove viable will be cities and towns that can scale to older citizens. Healthcare is just one element of infrastructure. The other is transportation and public transit and trying to create an ecology and a system focused on the needs of an aging demographic."

Do you have an example of a place calibrated to provide aging British Columbians the amenities they need?

"Nelson is an example that has developed its own, insular culture—largely based on their isolation—but one where housing affordability is accompanied with adequate services and lifestyle."

Age Demographics in Metro Vancouver ¹





Andy’s “Chart of Doom”²

2011 median total incomes for 25-55 year olds with bachelor degrees for Canada’s 10 largest metropolitan areas.



“The senior population in Greater Vancouver is projected to grow 91% by 2036.”

How are Millennials going to move around the province in the next decade?

“We have two powerful forces in Greater Vancouver affecting the rest of the province. We have the older homeowners who have cashed out. We then have the aging Millennial cohort that has been priced out. The two outs! These are two different demos at vastly different points in their working lives. The reality is that for all the talk you hear of Millennials fleeing Vancouver, their jobs are in Vancouver and Victoria. The economy in these two centres is vastly different from rural areas. That’s going to be one of the things that will hem young people in—where they can settle is where they find a job. As much as people hope they can settle for lifestyle, you still need a job.”

But surely cities and towns other than Vancouver and Victoria can do something to attract young workers.

“That is a challenge to those cities. They need to put forward an attractive package of job opportunities and explicitly connect that to housing stock that’s affordable. And by that I mean a lot more information related to the income that local jobs can pay. That’s how you get the attention of Millennials in a place like Vancouver, where housing prices don’t at all reflect the wages people can earn. The two have completely decoupled. There was a tweet today by [professor and researcher] David Hulchanski talking about how Metro Vancouver’s top 1% earners make just over \$250,000 per household. That’s dramatically low when you compare it to other metropolitan centres in Canada.”

So how can cities attract young talent?

“It’s that connection between jobs and housing and lifestyle. That trifecta is key to places like Nelson and Prince

George, and other cities should study what those places are doing. Kelowna is primed to pull in more of B.C.’s younger population. The places we mention usually have a university, which is a big draw. Successful cities in B.C. will connect their opportunities for the young to those universities and the jobs and programming created by this massive asset. A university town has a head start. If you look at Vancouver, the city doesn’t have a problem attracting 20-somethings. There are so many educational institutions in the city that it’s flooded by young residents. The challenge for B.C. cities large and small is keeping people in their 30s, five or 10 years out of school when they’re at their peak in terms of value to companies, but yet many are looking to start families. You can have all this affordable housing but if young residents can’t make an economic future, they will leave.”

(1) Source: B.C.Stats PEOPLE 1986-2041 Projection

(2) Source: Statistics Canada 2011 National Household Survey. Catalogue Number: 99-014-X2011040



THE HOMES OF THE FUTURE

Page 44 | Forget the Yard, but not the Private Balcony

Page 46 | The Millennial Home

Page 48 | The Boomer Home

Page 50 | The Gen-X Home

Page 52 | Head to Head



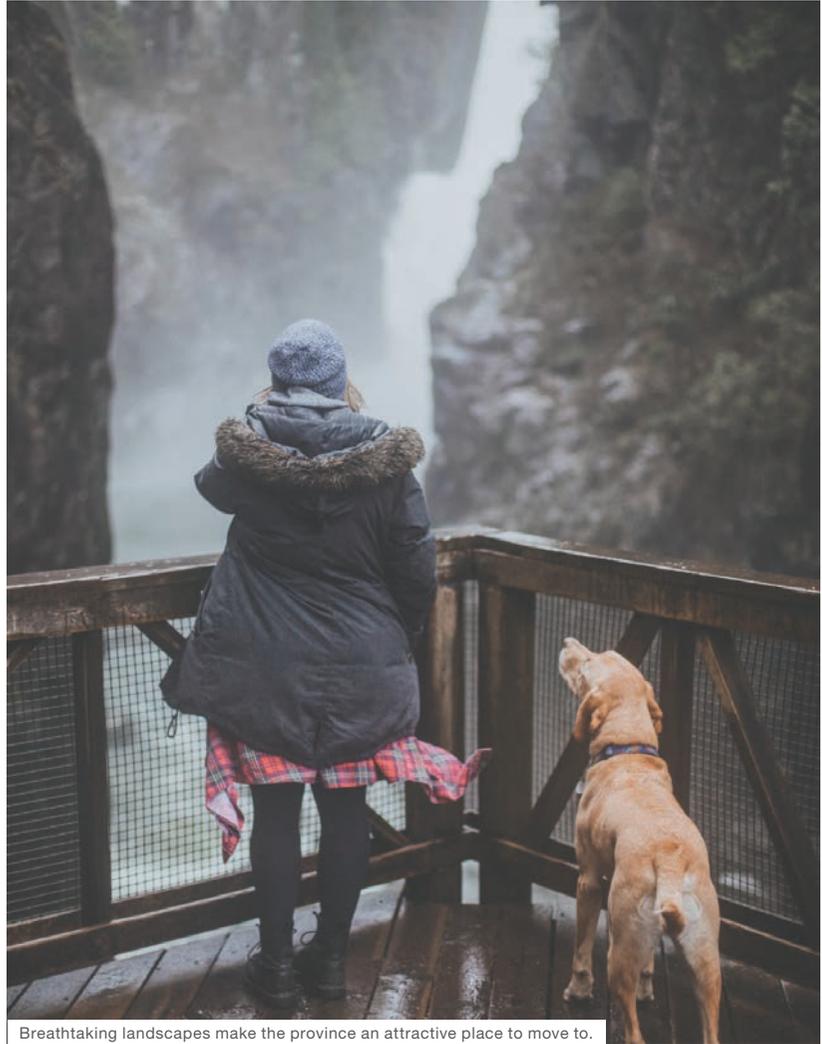
“Forget the Yard, but not the Private Balcony”

With escalating housing prices forcing trade-offs and shifting priorities, our survey reveals what British Columbians will seek from developers in the coming years.

When expressing preferences for housing types in the province, British Columbians are consistent with their other answers about the future of housing: in an environment of increasingly expensive real estate, the cost of shelter is paramount when deciding on renting or buying a new home.

When asked about the most important features a future home should possess, four in five British Columbians (80%) mention the cost of housing. And with B.C. being the land of the great outdoors, residents want it nearby, which explains why two-thirds (65%) of respondents look for a private outdoor space (a yard or balcony) when considering a new home.

The fact that a home’s outdoor space is even more coveted than its interior space is notable. That said, the indoors are still very top of mind, coming in third with more than half of British Columbians saying the number of bedrooms (55%), overall square footage and size (52%) and storage space (51%) are important considerations when thinking about a new home.



Breathtaking landscapes make the province an attractive place to move to.



Private outdoor space is the second-most important home feature.

“Residents want the great outdoors nearby, which explains why two-thirds (65%) of respondents look for a private outdoor space (a yard or balcony) when considering a new home.”



The cost of housing is paramount to British Columbians.

TOP 10 FACTORS WHEN DECIDING TO PURCHASE/RENT A NEW HOME:

- 1 Cost of housing
- 2 Private outdoor space (yard or balcony)
- 3 Number of bedrooms
- 4 Overall square footage/size
- 5 Overall square footage/size (54%)
- 6 Walking distance to shopping, dining and entertainment
- 7 Garage/Indoor Parking
- 8 Pet friendly
- 9 Reputation of developer/building management
- 10 Access to public transit

On a scale of 1-10, how important are each of the following features in your decision to purchase or rent a new home? n= 1,714

Slightly fewer mention walking distance to shopping, dining and entertainment (49%), a garage or indoor parking (49%) and a pet-friendly dwelling (48%).

As a whole, British Columbians see electric car charging stations (9%), community rooms/clubhouses (10%) and proximity to good childcare (11%) as the least important home features.

When it comes to the most-coveted property type among survey respondents, a vacation property was first, followed by a single-family home.

As for British Columbian location preferences, most prefer to live either in the suburbs (34%) and downtown or near downtown (32%). Happily, most survey respondents currently live in one of those locations anyway (suburban 44%; downtown or near downtown 34%).

The most preferred modes of transportation are driving and walking. Boomers are most likely to prefer driving, while preference for bus and SkyTrain is higher among Millennials and Gen-Xers.

The Millennial Home



The locations, amenities and price points driving B.C.'s first-time buyers.

When it comes to the housing type preferred by the B.C. Millennial, a downtown location near the action carries the same cachet as a sleepy suburban house (41% and 40%, respectively).

In line with the B.C.-wide response, Millennials consider the cost of housing as the most important factor when seeking a new home (83%), with transportation convenience coming second. Proximity to work (63%) and access to public transit (55%) are the third and fourth most important factors among Millennials looking for a new home—even more important than overall square footage and size of the living space. Millennial respondents would consider living in an average minimum home size of 1,120 sq. ft., with a minimum of one bedroom and bathroom with shower. Preferences for amenities include an open gourmet kitchen and ability to have pets should they choose. Outdoor space of some kind was cited as important by half of the Millennial respondents—a lot lower than Gen-X (71%) and Boomers (69%). Also notable is the fact that Millennials don't feel the reputation of the developer or building manager is all that important (35%) compared to Gen-X (48%) and Boomers (54%).

“A downtown location near the action carries the same cachet as a sleepy suburban house (41% and 40%, respectively).”



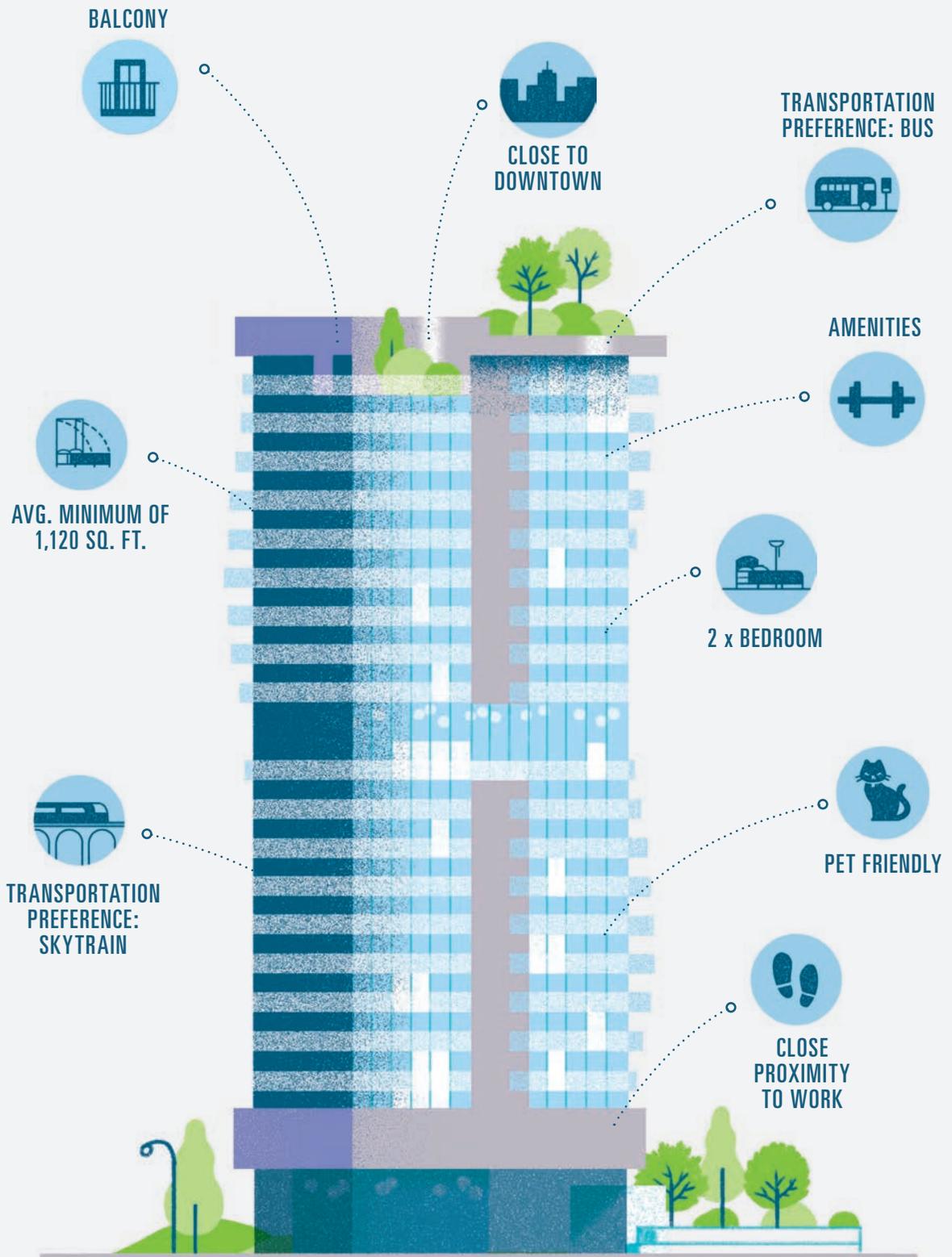
B.C. Millennials are attracted to the Metro Vancouver area.

TOP 10 FACTORS FOR THE MILLENNIAL HOME

- 1 Cost of housing (83%)
- 2 Proximity to work (63%)
- 3 Access to public transit (55%)
- 4 Number of bedrooms (54%)
- 5 Overall square footage/size (54%)
- 6 Pet friendly (52%)
- 7 Private outdoor space - yard or balcony (50%)
- 8 Walking distance to shopping, dining and entertainment (49%)
- 9 Storage space (43%)
- 10 Age of home/building (41%)

On a scale of 1-10, how important are each of the following features in your decision to purchase or rent a new home? n= 249

THE IDEAL MILLENNIAL HOME



The Boomer Home



Are B.C.'s oldest buyers really looking to downsize? Our survey results discredit the prevailing myths about this influential demo.

Although studies and projections about what location the Canadian Boomer prefers vary, B.C. Boomer survey respondents tilt slightly to suburban communities (29%), followed closely by downtown or near downtown (26%), with small towns a close third (24%). Boomers are also most likely (at 16%) to favour rural areas compared to Gen-Xers (13%) and Millennials (9%).

Among all the age groups, Boomers are least concerned about the cost of housing (75% compared to 83% for Millennials and 82% for Gen-X), although this remains the top consideration when searching for a new home.

The types of homes B.C.'s Boomers seek are also far different from other age groups. The key surprise here is how much room these supposed downsizers need. They indicated the need for the most storage (54%) compared to Gen-X (53%) and Millennials (43%). Boomers also over-index on the need for garages or indoor parking (56%), compared to 48% of Gen-X and 39% of Millennials. Additionally, they need extra guestrooms for friends and family (40%) compared to 37% of Gen-X and 29% of Millennials.

Reputation and quality are also vital to Boomers searching for new homes, with reputation of the developer (54%) being a bigger factor compared to 48% of Gen-X and 35% of Millennials. A home's design and interior design also matter more to Boomers than anyone else (47% compared to 41% for Gen-X and 37% for Millennials).

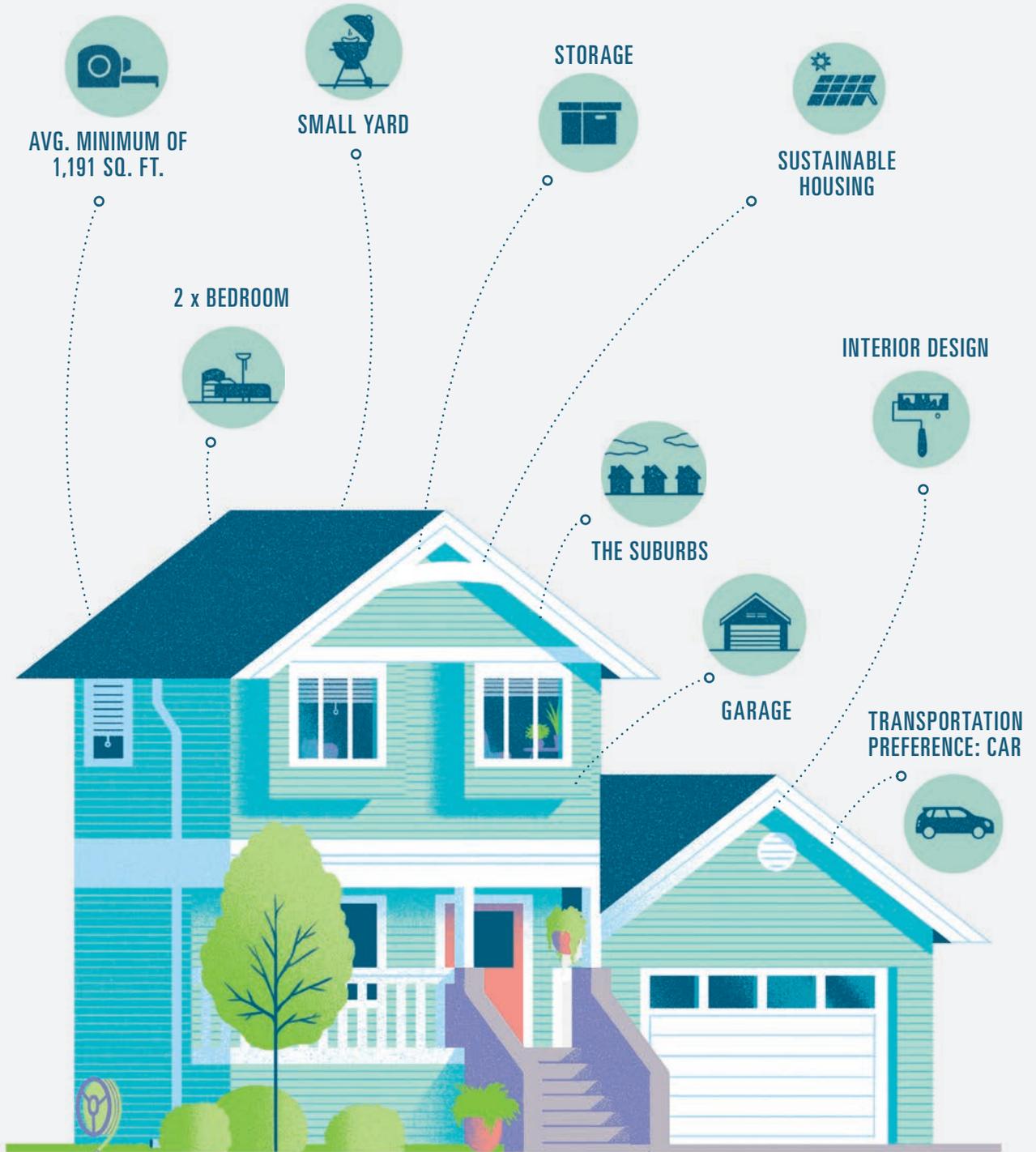
TOP 10 FACTORS FOR THE BOOMER HOME

- 1 Cost of housing (82%)
- 2 Private outdoor space - yard or balcony (69%)
- 3 Garage/indoor parking (56%)
- 4 Storage space (54%)
- 5 Reputation of developer/building management (54%)
- 6 Walking distance to shopping, dining and entertainment (53%)
- 7 Number of bedrooms (53%)
- 8 Overall square footage/size (50%)
- 9 Sustainability/energy efficient ratings (48%)
- 10 Design/interior design (47%)

On a scale of 1-10, how important are each of the following features in your decision to purchase or rent a new home? n= 871

“Among all the age groups, Boomers are least concerned about the cost of housing (75% compared to 83% for Millennials and 82% for Gen-X), although this remains the top consideration when searching for a new home.”

THE IDEAL BOOMER HOME



The Gen-X Home



Is the suburban dream alive and well? Yes, but so is sacrificing traditional family amenities to avoid increasingly crushing commutes.

The Gen-X British Columbian is just as at home in downtown or near downtown as in the suburbs (32% and 34% respectively, based on responses to our survey).

Like every other demo, Gen-X respondents are most concerned about the price of housing when considering a new home (82%, just a point below predominantly first-time buying Millennials). Size of home and value for their housing dollar drives Gen-Xers in their housing preference. Number of bedrooms is vital (59% compared to 54% for Millennials and 53% for Boomers). Private outdoor space, whether a patio, balcony or yard, is also a priority (71% even more than it is for Boomers (69%). Overall square footage is also prized on par with Millennials (54% each). Regarding their expenditures, Gen-X buyers are looking for mortgage help and have indicated more than any other demographic the preference for an in-law or rental suite (18% compared to 17% of Millennials and just 8% of Boomers).

In keeping with Gen-X housing preferences that centre around kids, storage space is key (53% compared to 54% for Boomers and 43% for Millennials). Also important for Gen-X is a gourmet kitchen (31% compared to 30% for Millennials and 23% for Boomers).

“Private outdoor space, whether a patio, balcony or yard, is also a priority (71%) even more than it is for Boomers (69%).”

TOP 10 FACTORS FOR THE GEN-X HOME

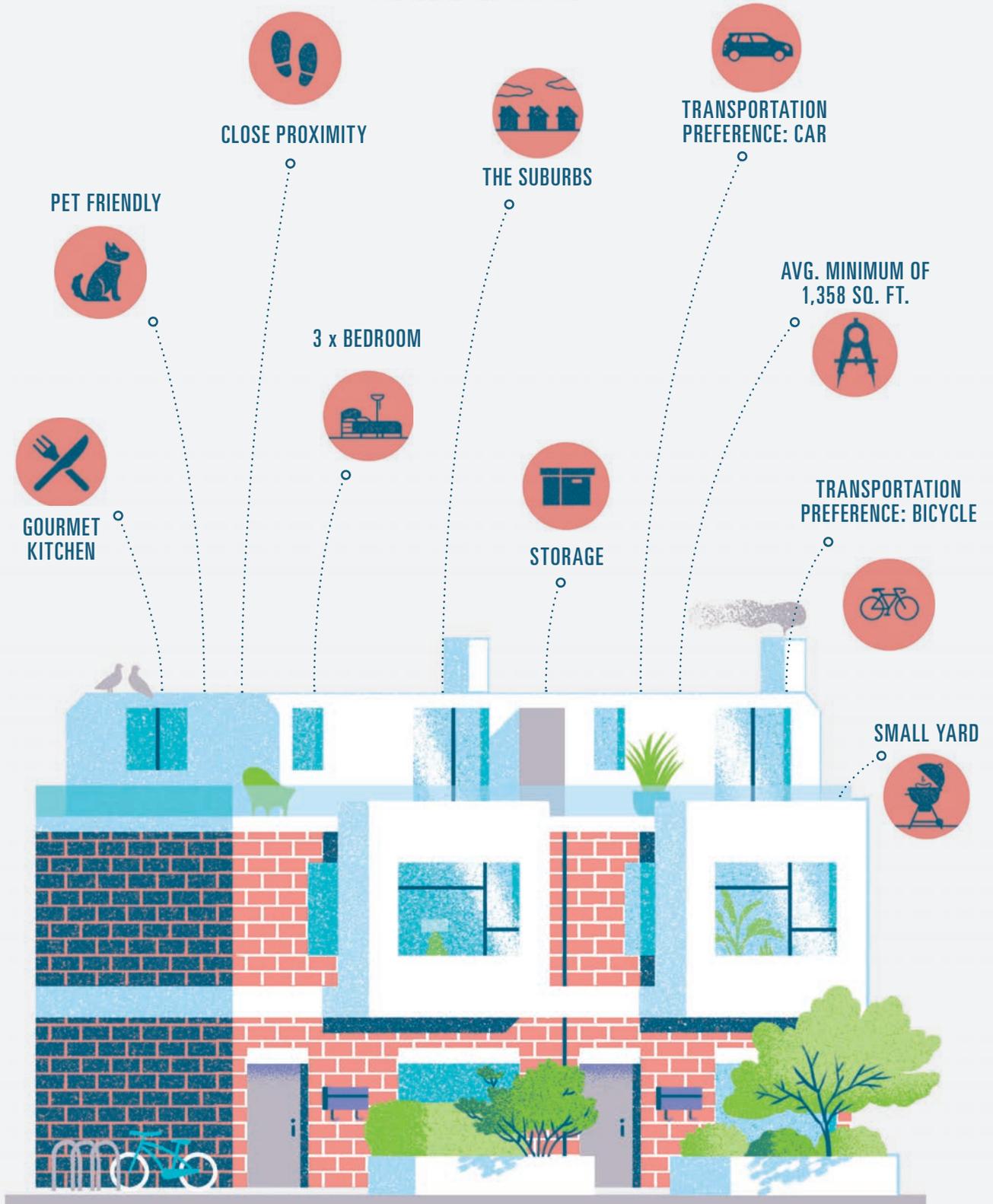
- 1 Cost of housing (82%)
- 2 Private outdoor space - yard or balcony (71%)
- 3 Number of bedrooms (59%)
- 4 Proximity to work (58%)
- 5 Overall square footage/size (54%)
- 6 Storage space (53%)
- 7 Pet friendly (50%)
- 8 Garage/indoor parking (48%)
- 9 Reputation of developer/building management (48%)
- 10 Walking distance to shopping, dining and entertainment (44%)

On a scale of 1-10, how important are each of the following features in your decision to purchase or rent a new home? n= 594



Private outdoor space is a priority for B.C. residents.

THE IDEAL GEN-X HOME

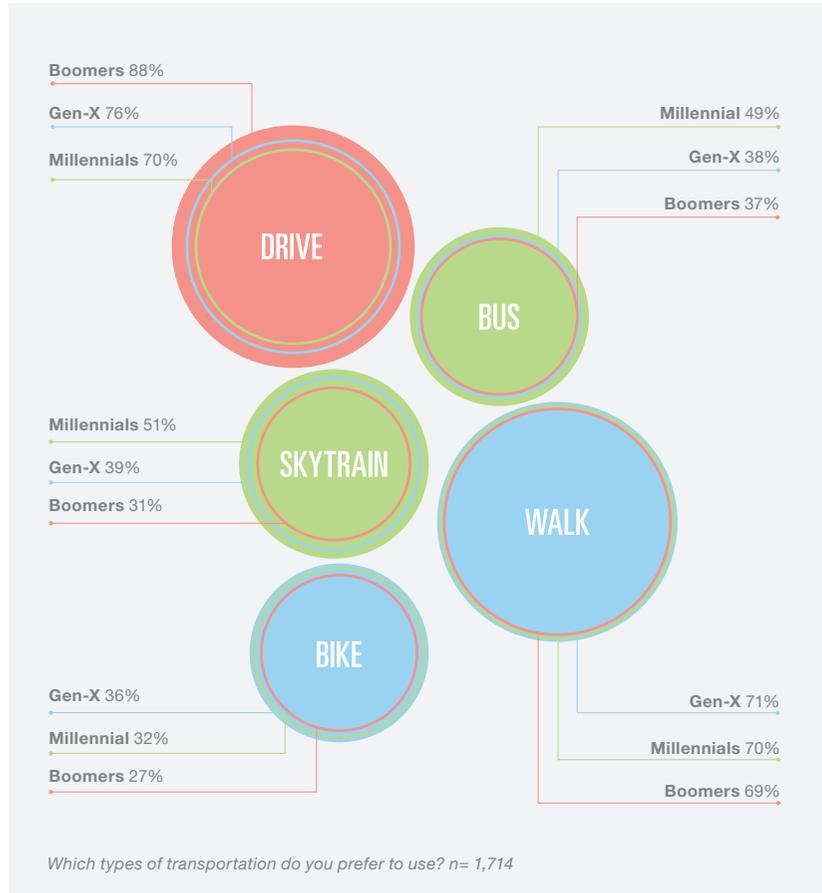


Head to Head

A DEMOGRAPHIC COMPARISON OF BRITISH COLUMBIAN HOME PREFERENCES

Transportation

This will come as a shock to no one: Boomers drive more than Millennials and Gen-Xers, with Millennials the most likely to forgo a car altogether—an important consideration for homebuilders and developers. Transit is fundamental to the youngest home-buying and renting cohort. Carpooling and Uber are also much more popular among Millennials than any other demographic. Another consideration for community builders in B.C.: walkability. It ranks high across all demographics. Interestingly, Gen-X British Columbians are the most self-propelled according to our survey, leading both biking and walking preferences.



Millennials say they need a minimum average home size of 1,120 sq. ft.

House Size

The preferred size of home varies depending on a British Columbian’s age. Based on our survey, Millennials need the least room, with a minimum average home size of 1,120 sq. ft. Boomers land in the middle, requiring a minimum house size of 1,191 sq. ft. Gen-X, with the likelihood of having a household with kids, tops the square footage minimum requirement with an average of 1,358 sq. ft.

Purchase Price Threshold

Given their earning power and need for more room, Gen-X buyers in B.C. are likely to spend the most on a new home, with an average price of \$593,504. Millennials are second with a spending threshold of \$531,636. Boomers stay true to their

downsizing cliché here, with an average new home purchase price of \$488,689—more than \$100,000 lower than Gen-X.

“Boomers drive more than Millennials and Gen-Xers, with Millennials the most likely to forgo a car altogether—an important consideration for homebuilders and developers.”



Gen-X households say they require the most bedrooms, at three.

Location Matters. So Does Product

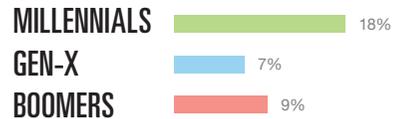
The preferred features when deciding to purchase or rent a new home for B.C. residents, by demographic

	MILLENNIALS	GEN-X	BOOMERS
1	Cost of housing	Cost of housing	Cost of housing
2	Proximity to work	Private outdoor space (yard or balcony)	Private outdoor space (yard or balcony)
3	Access to public transit	Number of bedrooms	Garage/indoor parking
4	Number of bedrooms	Proximity to work	Storage space
5	Overall square footage/size	Overall square footage/size	Reputation of developer/building management
6	Pet friendly	Storage space	Walking distance to shopping, dining and entertainment
7	Private outdoor space (yard or balcony)	Pet friendly	Number of bedrooms
8	Walking distance to shopping, dining and entertainment	Garage/indoor parking	Overall square footage/size
9	Storage space	Reputation of developer/building management	Sustainability/energy efficiency ratings
10	Age of home/building	Walking distance to shopping, dining and entertainment	Design/interior design

On a scale of 1-10, how important are each of the following features in your decision to purchase or rent a new home? n= 1,714

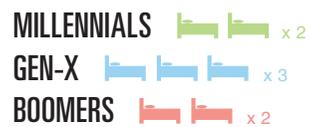
Is smaller better? Not usually

Density and housing affordability may be pushing buyers toward one-bedroom and studio units, but it's probably against their will. A very small number of Resonance survey respondents expressed interest in one bedroom or less.



Number of bedrooms

Two bedrooms is the minimum for Millennial and Boomer buyers, while Gen-X prefers three.



Average household size

Gen-Xers have the largest households in B.C., followed closely by Millennials.



Roommates

Give the high cost of housing in B.C. combined with the lower median income among its young people compared to the rest of Canada, it's not surprising that almost one in five Millennials lives with roommates. This drops to 7% for Gen-X and 4% for Boomers.

Expert Insight



HERB AUERBACH

Herb Auerbach, a real estate development consultant, SFU professor and author of the newly released *Placemakers: Emperors, Kings, Entrepreneurs – A Brief History of Real Estate Development* says it's up to us—right now—to save Vancouver's lustre for future generations.

THE GREATER VANCOUVER COURSE CORRECTION

Aggressive density really is Vancouver's only way out

"It is unbelievable that a city like Vancouver, considering its position of demand in B.C. and in the world, has so much single-family housing so close to the core. It is just illogical. Vancouver needs to continue its densification process. Either you take the single-family home and allow multiple units within it, or you encourage the conversion of single-family lots into multiple townhouses and, by extension, the conversion of some areas into multiple family."

But...

"There's no planning [in Greater Vancouver]. And one of the problems the city has is that there is no vision. If you don't know where you're going, it makes no difference which road you take."

A recent example of this planning disconnect

"The port lands. The city says that the port has a big role to play as an economic generator, that the city needs jobs. The port is saying it needs land for industrial activities. So why is the city rezoning industrial land along Marine Drive for housing, not near transit, which is nuts? It needs more coordinated planning."

The recent Vancouver cooling measures will not work long-term

"Density on its own is not going to solve the problem, and foreign taxes are not going to solve the problem, and empty apartment taxes aren't going to solve the problem. It's a smoke screen politicians use to make people think they're doing something about the problem, by imposing these taxes. If the money collected from these taxes is reinvested in affordable housing, that's a different story. There is only one way to solve the affordable housing issue: subsidies. You either subsidize the buyer or subsidize the developer. Or both."

Crazy housing prices call for bold investment

"In Sweden, Stockholm needed more space, so the government acquired land outside the city and built a railroad to that land. This enhanced the value of the land, making it easy for the government to lease the land out for development. The city controlled development, ensured it linked to transit so it was viable, and made money in the process. We don't have that kind of strategic planning in Vancouver, so you get a lot of sprawl."

"There is only one way to solve affordable housing issue, and it's a problem all around the world: You either subsidize the buyer, or subsidize the developer. Or both."



“Land is very expensive here. But the city has a lot of land. The city could reduce the cost of housing by putting up its land for \$1 for a 99-year lease. It’ll get the land back in 99 years and still has the value of the original asset.”

Affordable housing does not mean affordable home ownership

“It’s a dream that everyone wants to own a house. There is a big difference between affordable housing and affordable home ownership. The whole idea that home ownership is an entitlement, I don’t know. *Housing* is an entitlement. I think housing is as important as education and health.”

Talent attraction

“Quality of life becomes a more important factor influencing where employees want to live, especially in the service and creative industries. A lot of people would like to live in Vancouver. Therefore, the affordability of housing in Vancouver may or may not be a determinant for companies to locate in Vancouver, because they could subsidize their employees. No one has really talked about the possibility of company housing in the city.”

Greater Vancouver is leaving money on the table

“Before building the Cambie transit corridor, the city should have expropriated or bought the land on each side, so the minute you rezone the land and put the improvement on it, the city can lease the land to build affordable housing and increase density. And with transit the city has already increased the value of the land. But instead, the city built the Cambie corridor, and all of a sudden houses on Cambie Street that were worth \$500,000 are now worth \$3 million, thereby contributing to the housing crisis in Vancouver.”



Transit enhances the value of far-flung suburbs and towns.

Expert Insight



FRANCES BULA

Frances Bula, the award-winning journalist specializing in Lower Mainland real estate and urban development, shares the five stories from 2016 that indicate where B.C. housing is headed in the future.

HARBINGER HEADLINES

Low-cost rental housing disappears across Metro Vancouver

VANCOUVER SUN, JANUARY 14, 2016

More than 300 cheap apartment units have disappeared near Burnaby's Metrotown in the past year. Up to 1,000 units might be lost in Coquitlam around the new Evergreen Line. In both cities, these units are being replaced by condo towers.

"The loss of 1960s-era apartments is something municipalities are struggling with. Those three- and four-storey buildings often represent the cheapest housing around. But when developers are looking for places to build, it's easier to go into lower-income neighbourhoods, especially if they're already zoned for high density, than to take on a residents' group in a single-family zone."

Chronic homelessness more common in Abbotsford than elsewhere: research

ABBOTSFORD NEWS, MAY 27, 2016

The most recent homeless count in Abbotsford revealed 150 homeless people—a shocking number for a small rural town. But since then, many more have started to show up at local agencies, and it's clear that the number of homeless is on the rise.

"This kind of story used to appear only in Vancouver newspapers. But stories about increases in homelessness, jammed shelters and homeless camps have become regular features in a surprising number of cities: Victoria, Langley, Surrey, Maple Ridge, North Vancouver, Burnaby, and many more."



The movement in action.

"The past year has seen people in their 20s and 30s leading the way in drawing attention to how the region's increasingly surreal housing prices are impacting their ability to buy homes, settle down and even think about having families."



Can you afford to live in Vancouver if you #DontHave1Million?

GLOBAL NEWS, APRIL 16, 2015

A then-29-year-old woman named Eveline Xia started a hashtag called #DontHave1Million to draw attention to the increasing impossibility for young people to buy any property in the city. At that point, single-family homes were going for what was then considered a shockingly high average price in both Vancouver and North Van: \$1.27 million.

“The past year has seen people in their 20s and 30s leading the way in drawing attention to how the region’s increasingly surreal housing prices are impacting their ability to buy homes, settle down and even think about having families. Since then, advocacy groups like HALT YVR, Gen Squeeze and Abundant Housing Vancouver have sprung up, although often with radically different ideas about solutions.”

B.C. to target foreign real estate buyers with new tax

THE GLOBE AND MAIL, JULY 27, 2016

After months of saying that there wasn’t enough data or that foreign buyers weren’t having an impact beyond West Side Vancouver, Premier Christy Clark and Finance Minister Mike de Jong surprised everyone by bringing in a 15% property tax for foreign buyers of Greater Vancouver real estate.

“This move by the provincial government was the culmination of a slow-building wave of concern about the impact of buyers from mainland China. The discontent started in Vancouver’s wealthy West Side around 2010, as residents complained about houses going for increasingly unrealistic prices, pinning the blame on both immigrants and offshore investors. But the argument that foreigners were driving up real estate prices was joined by academics, politicians, young professionals who felt shut out of the market, and the twitterverse.”

Single-family homes ‘socialism for the rich,’ says economist

CBC, JUNE 27, 2016

UBC economist Tom Davidoff, who has become a prominent voice in local housing debates, says one of the region’s biggest problems is that most of the land is reserved for single-family houses. That divides the city into two territories: one where the extremely rich live in houses and another where everyone else crams into apartments and townhouses squeezed into the remaining strips.

“As Vancouver’s housing crisis has spiralled upwards, all kinds of solutions have been suggested, from restricting demand by banning or taxing foreign investors to massively increasing supply. Increasingly, there is a call for cities to better use their supplies of land by taking some of the 80% of land used for single-family housing and allowing other forms: townhouses, row houses, stacked townhouses, small apartment buildings. Davidoff, along with a number of others, has been a champion of this idea.”



Vancouver is fighting the empty home plague.

Expert Insight



BRENT TODERIAN

Brent Toderian, city planning consultant with TODERIAN UrbanWORKs, president of the Council for Canadian Urbanism, and former director of city planning for the City of Vancouver, offers three ways B.C.'s most populous region can create some much-needed supply and variety in its housing stock.

GREATER VANCOUVER IS OUT OF OPTIONS

Zoning needs to accommodate families priced out of “family homes”

“Across the region, there’s a challenge to make sure zoning allows the kinds of housing types that provide variety and choice,” he says.

“If zoning isn’t strategically reconsidered, we’ll continue to have a kind of polarized approach to housing choice: mostly low-density single-detached housing, which is too expensive for almost everyone, or high-density multi-family housing near transit, which is certainly an attractive and positive choice for many, but won’t be chosen by everyone.”

A detached home in Greater Vancouver increased by 37% to \$1.5 million by the mid-point of 2016, year over year, according to the Real Estate Board of Greater Vancouver. With the rapid price increase, the cost of owning an average single-detached home in the Vancouver

area now requires an outstanding 127% of pre-tax income, according to a 2016 RBC analysis of the region’s housing market. It doesn’t help that the median family income from the most recent Statistics Canada data (2014) was \$76,040—lower than the Canadian median by \$2,000.

Living in a stacked apartment unit or condo is increasingly the only option for homeownership for many in Greater Vancouver.

Government and developers, we need more than just single-family homes and condos

According to the Resonance survey, ownership of any real estate in Greater Vancouver is an increasingly unattainable goal for renters, even though, B.C.-wide, 63% of them feel that homeownership is important. In Greater Vancouver, 88% of surveyed renters said they may never be able to afford a home.



Greater Vancouver needs more townhouses, says Toderian.



Less expensive, low-rise options are lacking in the region.

“We need more options, more ground-oriented density options that are compatible with single-detached housing, like secondary suites, laneway housing, row houses and stacked houses. Currently, most people who are priced out of the single-detached housing market don’t find the region an attractive place to live and are at risk of leaving.”

So how does a family with two or three kids stay in the city when they can’t afford a small, detached house? “Options,” Toderian says. “We need more options, including multi-bedroom apartments, and ground-oriented density options that are compatible with single-detached housing, like secondary suites, laneway housing, duplexes, triplexes, row houses and stacked townhouses.”

Essentially: less-expensive, low-to-medium rise intensification like one or two mortgage helpers per detached house, or street-level row-housing and walk-ups.

Zoning needs a foundation to work

“The regional leadership hasn’t necessarily been there consistently on housing variety and choice,” Toderian says. “I would like to see more regional leaders leading this kind of conversation about how diverse housing is important right across Greater Vancouver, not just in specific individual municipalities.” That Greater Vancouver is composed of 21 municipalities, and 13 of the province’s 30 most populous ones, only clouds the role of leadership, he adds. “The challenge is that these zoning decisions are often seen only as local issues, and not at all within the purview of the regional level of government, which is technically true. However, the truth is when you have a regional need for more choice

within our housing stock for reasons ranging from sustainability to economic development, even though the region has no direct authority on this, I think regional leaders have a greater position, a platform, to promote a healthy and much-needed conversation, as well as various strategic tools, ideas and best practices, that could benefit all municipalities, and support a stronger region as a whole. Its not just about authority—it’s about mutual support and creativity.”

But zoning is a glacial process that needs sustained momentum from all sides.

“The truth is that a lot of things are likely necessary before more flexible zoning will be successful. Things like a clearly defined strategy and vision around ‘gentle density’ or missing-middle housing, and open discourse including working with the media, facilitating public conversations, sharing ideas, and even providing training and support for local municipalities to learn from. We also need to acknowledge that most of the challenges for new housing choices are not planning challenges, but rather political challenges.”

Toderian cites Edmonton as a city making real efforts to turn its housing approach around. “They’re having an excellent conversation about infill,” with new policies and strategies, and creative options such as garden suites in the backyard and sharing economy-inspired spaces wedged between dwelling houses, all recently showcased during the Edmonton Infill Design Competition.

But if Metro Vancouver doesn’t meet the challenges in time, what will happen? “We will continue to be very expensive, and will lack the choices and options we need to be a nimble, diverse, and successful region.”

A previous version of this story incorrectly quoted Mr. Toderian and omitted details about his professional title. Resonance Consultancy regrets the error.



We hope you enjoyed this 2017 *Future of B.C. Housing Report*.
For detailed results and insights from this study, please contact us.

To enjoy more exclusive insights into global real estate, tourism and the
future of cities, please go to ResonanceCo.com/Our-Reports.

Thanks for reading.

RESONANCE

Vancouver
801 - 602 W Hastings St
Vancouver, B.C. V6B 1P2
P +1.604.681.0804
E info@resonanceco.com

New York
6 East 43rd St - Floor 25
New York, NY 10017
P +1.347.817.7916
E info@resonanceco.com

ResonanceCo.com