

COVER Prized in the city, waterfront is a bargain along the B.C. coast with some prices at 2004 levels

Changing tide

FRANK O'BRIEN
WESTERN INVESTOR

“You can't go wrong buying waterfront,” has been a real estate mantra in B.C. for decades, but this year is seeing a split in the market: unprecedented demand in Metro Vancouver, but continued signs of a prices falling in the hinterland.

“There is a big gap between vendor expectations [of prices] and the market reality,” said **Mark Lester** of **Colliers International's** Unique Properties group, which often markets high-end waterfront property.

Today's B.C. coastal market, he said, is characterized by a huge number of listings and flat sales. “The Gulf [Islands] is not moving at all,” Lester said, adding that the sales downturn is seen in both raw waterfront land and in potential income-generating property, such as fishing lodges.

It is a far cry from four or five years ago when there was a frenzy for any type of waterfront real estate along the B.C. coastline, a trend that led to some poorly thought out commercial projects, he said.

Lester said the withdrawal of Alberta and U.S. buyers following the 2009 recession has meant waterfront vendors must now depend on a smaller – and less wealthy – pool of domestic buyers, and he said prices have fallen to what could be record lows.

He points to one property, not a Colliers listing, on DeCourcy Island near Nanaimo where one acre of serviced waterfront is up for sale for \$199,900.

“Look at this long term,” Lester said, “and it could be a great investment.”

Other Vancouver Island realtors agree, noting that waterfront prices on Quadra Island and even Vancouver Island are now in the bargain-basement bin.



(RIGHT) False Creek continues to attract developers despite high land prices. **(TOP)** Classic oceanfront cottage near Ladysmith on Vancouver Island listed for \$399,900 – 40 per cent down from the peak.



Lorne Gait of **Coast Realty Group** in Ladysmith is offering a classic old oceanfront cottage on a 7,600-square-foot waterfront freehold lot for \$399,900, 40 per cent below what the property may have sold for back in boom times. He said there are other waterfront parcels on the east side of Vancouver Island now selling for \$550,000 to \$750,000, which would have started at \$850,000 in 2006.

Quadra Island

Waterfront prices on Quadra Island are now close to 2004 prices, agreed **Nancy Allweather** of **Discovery Islands Real Estate** on Quadra. “It's all based on supply and demand,” she said, “and now there is more supply than demand.”

Discovery has “ideal waterfront cottages” listed from under \$600,000, including a one-quarter-acre lot with a 2,000-square-foot house at \$459,000.

At the Bold Bay waterfront development on Quadra, prices start at \$454,000 for five acres of road-access oceanfront, complete with a new 770-square-foot timber-frame beachfront cottage. Meanwhile, the 620-acre Cape on Bowen Island development started marketing last month, offering 29 10-acre waterfront lots at \$2 million each, “dramatically below” what



Vancouver mayor Gregor Robertson opens the River District project.

they would have been priced at a few years ago, according to a spokesperson for the developer, **Leeda Development Group**.

A **Royal LePage** survey of B.C. waterfront cottage sales shows that prices have fallen on other waterfront parcels close to Vancouver.

On the southern Sunshine Coast, a 35-minute ferry ride from West Vancouver, waterfront prices are off at least 20 per cent to 30 per cent

from the peak, local realtors say. Recently, the price of a 1.5-acre land-access waterfront parcel with a dock and a small cabin near Sechelt was cut by nearly \$30,000 to \$299,500. Some waterfront lots in popular Pender Harbour are also priced under \$300,000.

Pacific Spirit Properties' 104-unit Watermark condominium project on the Sechelt waterfront reduced prices 5 per cent

How waterfront prices have changed*

Market	2008	2011
BRITISH COLUMBIA:		
North Okanagan	\$1,500,000	\$995,000
South Okanagan	\$1,000,000	\$800,000
Tofino	\$869,000	\$825,000
Ucluelet	\$649,000	\$529,000
Salt Spring Island	\$1,300,000	\$669,000
ALBERTA:		
Sylvan Lake	\$1,250,000	\$800,000
SASKATCHEWAN:		
Qu'Appelle Lakes	\$300,000	\$500,000
MANITOBA:		
Lake Winnipeg	\$250,000	\$280,000

*Starting price for a three-bedroom, winterized recreational cottage on a standard-sized waterfront lot.
Source: Re/Max Recreational Property Report 2011

Lower Mainland

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in effort to complete 30 pre-sales by the end of June. As of June 15, 11 had sold at an average of \$367 per square foot.

“Sunshine Coast prices are low compared to other years,” said **Joel O’Reilly**, a local agent with Royal LePage, adding that the large amount of listings and stable prices “represent an incredible buying opportunity.”

According to the Royal LePage survey, most investors agree, with 89 per cent of Canadians surveyed saying that buying a vacation home is a good investment.

The annual **Re/Max Recreational Report**, released this spring, says this is the summer to get deals in B.C., as prices are at or near bottom.

“Opportunities that haven’t been seen in years are now presenting themselves, especially on the West Coast,” said **Elton Ash**, regional executive vice-president, Re/Max of Western Canada. “Prices are down as much as 20 per cent from peak levels reported in 2006-2007, bringing ownership within reach to many potential purchasers. The strengthening oil sector has also brought Albertans back into the mix, driving demand for both local and coastal B.C. properties. 2011 could be the turning point.”

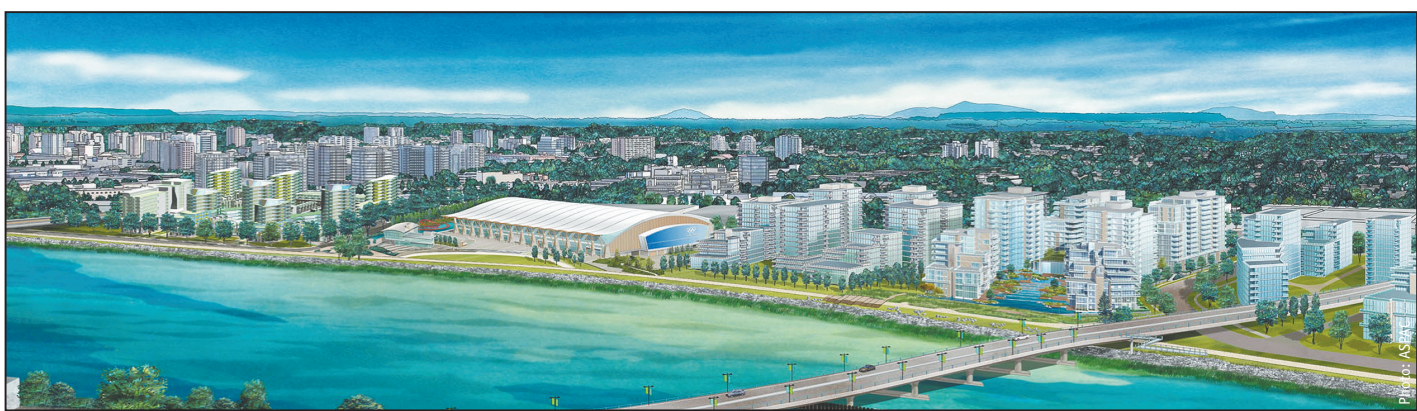
Fraser River

In the Vancouver region the cache of waterfront remains strong, with large developers starting some of the largest riverfront projects ever seen.

The biggest example is River District, a 130-acre residential and commercial development on the Fraser River in south Vancouver. Once known as the East Fraser Lands, the site is the location of the former **Canadian White Pine** mill and one of the last pieces of undeveloped waterfront land in the city.

ParkLane Homes and **Polygon**, two of B.C.’s largest home builders, will begin construction this year. The River District development plan features a mix of townhomes, low-and mid-rise apartments and highrise towers. The future phases of the community will also include shops, a grocery and small format-retail, a community plaza, two new schools and a community centre.

The **City of Vancouver** and **ParkLane** have



(TOP) River Green by ASPAC is setting all-time condominium sales and price records in Richmond. (RIGHT) The 130-acre River District waterfront development will transform the Fraser River in south Vancouver.

already unveiled plans for the 6,000-square-foot community centre.

Vancouver Mayor **Gregor Robertson**, who attended the River District launch, called the announcement “a momentous occasion” that opens “a new chapter in the story of Vancouver. This remediated brownfield site, which stretches a kilometre-and-a-half along the banks of the Fraser River, is getting a new identity. This will be a large-scale, mixed-use community with more than 7,000 residential units built in the coming years—a really exciting addition to the city, and reconnecting us to our river and the long history that we have here,” the mayor said.

Richmond

In Richmond, a massive luxury condominium complex is being built around the Olympic speedskating oval on the Fraser River waterfront.

The 25 buildings of the River Green complex will cover 11 hectares on the south shore of the river on land once owned by the **City of Richmond**, which sold it for \$145 million.

ASPAC Development sold out the first 150 condominiums its initial tower to set a Richmond sales record. The sale of the first tower more than covered the cost of land for the entire site. **Aspac** plans to build six more towers just in the first phase.



The opening weekend of sales included 28 homes that sold for more than \$1 million each: an average price-per-square foot of more than \$700. The opening weekend also saw four penthouses sell at more than \$3.4 million each (about \$1,000 per square foot), setting a Richmond sales records for both single condominium sale prices and price per square foot.

False Creek

On False Creek in Vancouver, condo sales at the former Olympic Village finally came to life after prices were adjusted downward. The False Creek waterfront has since attracted other big developers.

This spring **Onni Developments** unveiled its Central, a “horizontal highrise” of three towers that includes luxury condominiums, retail space and an office tower at the eastern edge of

False Creek. The building is a tower laid horizontally across two smaller supporting towers. The top tower links the two supporting towers, which are parallel to each other, and spans a 25,000-square-foot central courtyard.

In all, the LEED development will rise 18 or 19 storeys and offer 304 residential units in two towers, including the horizontal section. Final Vancouver city approval was expected in July, with completion by 2013 at the earliest.

For those vendors holding waterfront property outside of the Lower Mainland - and as far east as Alberta’s Sylvan Lake - the return of rollicking demand and higher prices would be welcomed.

While both Royal LePage and Re/Max forecast a strong recovery starting this summer, vendors may recall that the same predictions were made in both 2009 and 2010. ♦

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