

Era of \$599,000 homes over in Vancouver, real-estate experts say



Real-estate sales are up, housing starts are up, and experts believe the era of \$599,000 homes in Vancouver is probably over.

A **flurry of publicity** arose when a 1,950-square-foot renovated home at 2622 Clark Dr. was recently listed for \$599,000. That house — Vancouver’s cheapest detached home — sold Thursday for \$643,000.

Next in line in the affordability sweepstakes was a \$628,000 listing at 3447 William St.

But you’re also too late for that 700-sq.-ft., two-bedroom, one-bathroom home on a 33-foot lot just off the Trans-Canada Highway — it sold for \$609,000.

“I got a lot of calls on it,” said Re/Max Select realtor Ron Basra. “A builder bought it. It’s a teardown. “He’s going to build a house with a legal suite, and a coach house. He can live there, and get income from renting the suite and the coach house.”

Basra said low carrying costs are attracting buyers at the lower end of Vancouver’s real-estate market.

“Interest rates are low, and no one knows how long that will last,” said Basra, a realtor for 17 years. “Anything under \$1 million is selling right now.”

From those two properties there’s a significant jump to 823 McLean Dr., where a sizable 1,750-sq.-ft. home with two suites is listed at \$668,000.

It’s not for everyone — just off busy Venables Street on an alley connecting nearby businesses — but it has easy access to downtown Vancouver.

“Right now it’s a healthy market,” said Sumal Inde, vice-president of residential mortgages with RBC. “More houses have been sold this year, housings starts are up.”

Inde said the era of so-called ‘affordable’ Vancouver homes — if you think of \$600,000 as affordable — is coming to a close.

“These values are up year after year,” said Inde. “Builders look at these properties as lot value. Most of these properties have gone up \$100,000 in the past few years.”

Tsur Somerville, who teaches real estate at the University of B.C.’s Sauder School of Business, said the low supply of detached homes tends to push prices up.

“The fixed supply of single-family homes will only get more expensive,” said Somerville, who was surprised to hear detached homes for sale in Vancouver at that \$600,000 price point.

Somerville believes three factors have contributed to a slightly more positive real-estate outlook than in 2013.

“I think one year ago there was a lot of talk about rising interest rates, and the economic forecast was a lot cloudier,” said Somerville. “This year there’s a lot less concern about interest rates — the latest news is BMO lowering its interest rates — and I think people are a lot more optimistic about the U.S. economy.”

As Canada’s largest trading partner, U.S. conditions directly affect Canada’s economy, and for the first time since 2008 most U.S. economic signs are pointing up.

“Most homes around Vancouver sell in 45 to 60 days,” said Inde. “Prices are only headed in one direction — north.”

An RBC home-ownership poll released Thursday shows some British Columbians are looking closer at buying at home. The poll showed a jump in interest among potential B.C. buyers aged 25 to 54, part of a national trend as spring house-buying season approaches.

Nationwide, those ‘very likely’ or ‘somewhat likely’ to buy in the next two years rose to 22 per cent from 20 per cent — a low point after 2012, when 34 per cent nationwide said they were likely to buy a new home.

The poll’s margin of error is plus or minus two per cent, 19 times out of 20.

Vancouver is one of the least-affordable cities in North America, with homes routinely selling for over \$1 million.

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