Metro residential prices rise, affordability declines as demand outstrips supply

‘Mice nuts’

A flurry of opinions help make the Urban Development Institute’s (UDI) annual forecast luncheon among the year’s most colourful and candid events. This year’s panel did not disappoint, with Anthem Properties Group president Eric Carlson winning kudos for most colourful turn of phrase, while Concert Properties Ltd. president and COO Brian McCauley took honours for most insightful comment.

With an intermittent audience survey polling the industry’s movers and shakers on issues and trends, one could map the middle ground fairly easily: Premier Christy Clark is the odds-on favourite for winning this spring’s provincial election, the Broadway corridor the best bet for future development potential (thanks to TransLink’s recent announcement regarding the Millennium Line extension to Arbutus Street), and the 15%

property transfer tax slapped on foreign purchases of Metro Vancouver homes last August was the most significant policy change affecting the market last year.

“Mice nuts!” called Carlson on that last item, saying the long-term impact of the tax is small … potatoes. The market is already absorbing its impact and moving toward new pricing heights in the months to come, Carlson feels, as demand stays strong.

So what policies are affecting the market? And, perhaps more important, can the market be trusted to anticipate the policies best suited for it?

McCauley thinks not.

“I’m not sure the market will ever demand what policies are going to challenge us to do,” he said.

The policies on his mind include code issues and energy efficiency, which he feels have significant public appeal but limited purchase on pocketbooks.

“They’re all going to cost a significant amount,” McCauley said. “I’m not sure you’re going to be able to necessarily sell that at a higher value, but it will lead to some purchaser expectation changes.”

Speaking of nuts …

Housing demand continues to outstrip supply in Metro Vancouver, with UDI panellists Andrew Grant, president of PCI Group, and McCauley of Concert Properties noting the hurdles to addressing the issue.

Grant said that too many transit-oriented sites that could host mixed-use projects incorporating residential don’t do so, including lands at VCC-Clark and Rupert stations on the Millennium Line and those around the Nanaimo and 29th Avenue stations on the Expo Line. Meanwhile, escalating land prices are giving developers such as McCauley pause.

The latest survey of global affordability from Illinois-based Demographia underscores the effect of land costs and lack of supply in making housing less affordable.

Vancouver remains the third least affordable region in the world for homebuyers (Sydney edged it out of second place last year). Housing here now requires buyers to fork out another year's worth of income – or almost 12 years' worth – up from just 11 years' worth last year.

And if it's not nuts enough that both developers and potential homebuyers find the cost taxing, consider this: Demographia's rankings use median incomes for a two-person household.

Crunching the numbers for lone-parent families and single-income households paints a picture even more dire: with Demographia's median house price of $830,100, a lone-parent family faces a price-to-income multiple of 19.4. Couples dependent on the income of a male breadwinner face a multiple of 24; for those with a female breadwinner, it's 38.6.

Totally nuts

The evidence keeps mounting that neighbourhood retail shops are under pressure: an analysis by appraisal firm Burgess Cawley Sullivan & Associates Ltd. indicates that current assessments gave properties within the city's business improvement areas (BIAs) their biggest one-year leap of the decade.

The increase over all 4,034 properties was 39.1%, with specific groups such as the 29 properties added to the Mount Pleasant BIA in 2016 seeing a 100% increase. Strathcona, the West End and West Broadway logged increases of

79.9%, 73.9% and 64.2%, respectively.

South Granville and Robson properties alone saw increases of less than 20%.

The increases amount to millions of dollars shoppers – that's you and me – will have to spend to cover local retailers' property taxes this year – or risk losing them from our streetscapes. •

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