



Top Stories

Business in Vancouver
weekly business newspaper
Vancouver, BC
November 29, 2016

REAL ESTATE

Real estate boom could meet premature bust

By Peter Mitham | Nov. 29, 2016, 9 a.m.



REAL ESTATE

Vancouver home sales, prices to drop in 2017: BCREA

REAL ESTATE

Real estate boom could meet premature bust

FORESTRY & FISHERIES

U.S. lumber coalition fires first shot in new lumber war

REAL ESTATE

Metro Vancouver apartment vacancy shrinks; Surrey sees most dramatic drop: CMHC

REAL ESTATE

City of Vancouver's proposed 3.4% property tax hike will be hard sell ...

Awaiting the inevitable

Business thrives on growth, as long as it's low-risk. The flight of capital to safe havens like Vancouver where yield is tough to get – but at least you know you're getting some – is a case in point.

So the U.S. president-elect's pledge to cut regulation and unfetter business growth should be good news, right?

Speaking to Urban Land Institute (ULI) members in Vancouver on November 16, PricewaterhouseCoopers director responsible for real estate research, Andrew Warren, said it ain't necessarily so.

The latest edition of PwC's annual Emerging Trends in Real Estate report for the ULI describes current conditions in North America as a part of a long-lasting "kinder, gentler real

estate cycle.”

While many feel the cycle is in a mature phase, markets are exhibiting enough discipline that there’s been little sign of the overbuilding typical at such junctures. “Cycles do not die of old age,” the report notes, suggesting a few lines later that more may depend on removing the punchbowl of low interest rates.

Cutting regulations and targeting 4% growth in U.S. GDP, however, may have ripple effects across North America.

“We thought the markets may be mellowing out a little more controlled going forward,” Warren said of the report, which was written before the U.S. election. “We may be laying the seeds for that to go right out the window.”

What we want

A panel ULI convened to discuss real estate trends in Vancouver – ranked tops among cities in Canada for investment in 2017, ULI reports – inevitably discussed housing affordability.

Tim Grant, vice-president of investment with PCI Group, said housing costs challenge tech companies attracting and retaining staff.

“We’ve got some real good momentum the past little while with some really good, notable wins,” Grant said. “If we can’t provide affordable housing and give people the opportunity to be here, it’s really going to hurt our ability to attract those types of businesses and keep them.”

A couple of weeks earlier, Avison Young principal Glenn Gardner told the Vancouver Real Estate Strategy and Leasing Conference that many companies are already scouting suburban office space.

“Depending upon what sector you’re in and the age group of your employees, they’re probably not living anywhere near Vancouver anymore. They’re living out in New West or

Surrey or Burnaby – somewhere more affordable,” Gardner said.

Back at the ULI meeting, panellist Brian Jackson, former general manager of planning and development for the City of Vancouver, said this is the time for cities to step up to meet demand.

“It’s occurring in locations that the city wants to see happen, and it’s also providing the types of mixed-use, rental housing, social housing and condo development in the West End that people want to see,” he said.

Other cities should do likewise, rather than let rental housing disappear in favour of condos (Jackson called out Burnaby as an example).

“It does not make any sense for the region to be taking this on as an issue if we have one city trying to do one thing, and the other city trying to do something that undermines the very policy we’re trying to achieve,” Jackson said.

Big deal

Anthem Properties Group, in partnership with an institutional investor, has acquired a 15.3-acre site at the corner of Grandview Highway and Boundary Road.

Situated at the very eastern edge of Vancouver, the property is home to the city’s only Wal-Mart as well as the Roots factory store, Vancouver Film Studio and Chevron. All told, the property is home to 288,000 square feet of leased space.

The acquisition is Anthem’s largest in Vancouver since 2013. Terms of the deal were not disclosed.

pmitham@telus.net

0 Comments on this topic. Join the discussion.
