

# THE VANCOUVER SUN

## 'I predict for 2002...': Vancouver realtors look at the year ahead: Across the board, the message is the same -- the B.C. market's going to be up, up and away

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Last year was an excellent year for the Vancouver housing market as interest rates fell to 40-year lows. Inflation remains low and the Bank of Canada is likely to reduce its trend-setting rate yet again later this month, possibly by as much as 50 basis points.

Will the housing market remain strong?

To find out, Vancouver Sun Westcoast Homes reporter Rod Nutt asked a number of top Vancouver realtors and developers to predict how the housing market will fair and what the major trends will be in 2002.

**BOB RENNIE OF RENNIE**

**PROJECT MARKETING SYSTEMS**

Fall/winter of 2001 witnessed a rapid increase in absorption supported by record low interest rates and short supply.

It will continue in 2002 with increased absorption followed by prices increases.

The reasons behind these predictions are:

- Interest rates will remain at record lows throughout 2002.
- When it comes to condominiums, mortgage payments are equal to, and often lower than, rent.
- Real estate is again a favourable investment after seeing huge losses in the stock market; real estate is safe and liquid.

Get in your car and go and look for a great one-bedroom condo under \$179,000 or a great two-bedroom condo under \$225,000 (both downtown), or a west-side home on a quiet street under \$500,000, advises Rennie, who says they sell in a week and there's very little great inventory.

**EVELYN FROESE**

**OF ROYAL Le PAGE**

Based on continued lower interest rates, stronger confidence in the B.C. economy, and the excellent absorption rates that we experienced in the latter half of 2001 for the pre-sale of new waterfront developments as well as the re-sale of luxury waterfront condominiums, I anticipate a continuation of this growth in 2002.

Demand will be strong from local investors, empty nesters and the U.S./European market for Vancouver waterfront condominiums.

**DARYL SIMPSON OF**

**BOSA VENTURES**

I am confident that the vacancy rate in the downtown core will continue to be well below the "balanced conditions" found in other major urban cities. Given the immense competition among renters for suitable accommodations, and historically low interest rates that are expected to continue this year, many current renters will turn themselves into owners in 2002.

The result? Upward pressure on prices this year and beyond in the downtown core.

Downtown buyers seem to be looking beyond simply "location" as their primary purchase motivator. Look this year for a continued upward evolution of interior design finishes, specifications and floorplan designs as Vancouver rivals London, New York and Chicago for its level of style and sophistication, all the while remaining far more affordable than any other world-class city.

Also, suburban locales such as Metrotown, North Vancouver and Richmond will see a modest resurgence of high-rise product coming to market as prices on re-sale properties (which usually drive apartment sales outside the downtown core) in these areas continue to rise.

**PATSY HUI**

**OF RE/MAX WESTCOAST**

Just like magic, we are running out of good listings everywhere. The Sept. 11 disaster dented the Lower Mainland real estate market for a short while but then the 40-year interest rate lows fueled the first-time buyer's and upgrader's market and it went wild.

You can't blame the buyers for rushing in. Why? Supply is low; price is still reasonable; not much of a good return in the stock market; hardly any interest earned having money sitting in the bank; and mortgage rates are so low that it's cheaper to own a home than rent.

The 2002 market trend? Definitely up, up and away!

#### MARK BELLING OF FIFTH AVENUE REAL ESTATE MARKETING

My 2002 predictions are focused on metropolitan Vancouver and Greater Victoria for new single- and multi-family housing sectors, including low-rise and high-rise condos and townhouses:

- Low interest rates and pent-up demand will generate greater-than-forecast housing demand; wood frame condo demand will exceed supply in most regions.
- Home sizes will continue to shrink with more efficient utilization of living spaces.
- Townhousing with densities of 20 to 25 units will become more prevalent, up from the usual 12 to 18 units per acre.
- Fractional interest resort ownership will increase throughout B.C.
- Small condo unit configuration of 300-500 square feet will rise in popularity.
- Multi-function room designs will be more the standard.
- Luxury custom design elements will mimic the luxury car market with options for pre-construction purchase in most housing forms.
- Home prices measured by cost per square foot will continue to rise with escalating materials, labour and land costs.
- Explosive growth in housing supply will occur in select geographic regions of the Lower Mainland, such as Langley, after many years without meaningful supply.
- Supply of live/work dual use accommodation will escalate.
- Zero parking accommodation will be increasingly accepted by municipalities.
- Retirees will find it increasingly difficult to find strata-titled, one-level living to meet their budget expectations.
- The micro-niche focus of the housing industry's marketing machinery will zero in on single females and single parents in their 20s to 40s, active downsizing retirees with discretionary income, and starter families.
- Consumer acceptance of wood-frame condos will increase, supported by higher standards of construction, resulting in sharp price increases.
- New homes ready to occupy within the first six months of 2002 will be snapped up by consumers. Price rises will be more or less proportionate to home-size shrinkage.
- Dominant sales prices for new housing in the Fraser Valley will be between \$170,000 and \$320,000.
- Downtown Victoria developers will offer leading-edge housing innovation.
- Target-market driven design will better reflect the new ways consumers want to live, satisfying the need for self-expression and unique individuality.

#### HOWARD STEISS OF ADERA DEVELOPMENT

I am optimistic that 2002 will be good for the residential new townhomes and apartment developments, mainly because mortgage rates will remain low and renters will convert to owners.

With down payments on most homes as low as five per cent, it has never been easier to qualify for ownership. I predict a low supply of finished homes for the first six months of the year before new developments are ready for occupancy in the fall.

Prices may be on their way back up for a prolonged period as our market tends to go in a seven-year cycle, and it appears the bottom was last winter.

Trends to look for include: affordable customized homes (custominiums); emphasis on great customer service during the warranty period; and shopping for homes on the Internet will become increasingly popular.

Adera will develop more than 350 affordable townhouses and apartments in 2002 in Richmond, Burnaby, North Vancouver and South Surrey.

#### TRACIE MCTAVISH OF CONCORD PACIFIC

We enter the new year on a high note. Concord Pacific has just experienced one of its most successful years ever, in part due to the more positive local political climate.

Low interest rates, affordable product and, more importantly, recognition of value in location have also contributed to a successful year.

We expect to seed more of the same this year, and due to rapid absorption of product, we were unable to satisfy the demand for our suites.

Pent-up demand will result in strong sales volume well into 2002.

#### NEIL CRYSTAL OF POLYGON HOMES

At Polygon, we enjoyed an excellent year of sales in 2001 with more than 600 new homes sold.

In the current year, we believe the market for residential property in the Greater Vancouver area will continue to be a popular investment with the continuation of low mortgage rates and strong in-migration to B.C. from the rest of Canada and abroad.

Improving levels of demand will lead to upward pressure on prices for both new and re-sale properties. Higher prices and low mortgage rates will enable many "empty nesters" the timely opportunity to sell their existing homes to a growing "move up" market.

Unfortunately, a shortage of adult-oriented product in the development pipeline means buyers will have to act quickly to find a new home.

As for interest rates, it would be a wise idea to secure mortgage financing in the first half of the year as we expect rates to begin moving up in the second quarter of 2002.

#### OZZIE JUROCK OF JUROCK REAL ESTATE INSIDER

My predictions for 2002 include:

- Well-bought single family homes will outperform new condos in price appreciation.
- All real estate values downtown will increase.
- All waterfront condos will rise in value.
- All well-bought used condos will increase in value.
- More million-dollar-plus homes will sell.
- You will have made the most money on the day you bought.

Illustration:

- Color Photo: Glenn Baglo, Vancouver Sun / They're uppbeat: Bob Rennie says that real estate is again seen as a favourable investment after a poor year on the stock exchange ...
- Color Photo: Glenn Baglo, Vancouver Sun / ... while Evelyn Froese (right) sees a strong demand for B.C. property from buyers at home and abroad.
- Photo: "Just like magic we are running out of good listings everywhere. ... You can't blame the buyers for rushing in. Supply is low, price is still reasonable" - Patsy Hui, Re/Max Westcoast
- Color Photo: "Low interest rates and pent-up demand will generate greater-than-forecast housing demand, wood frame condo demand will exceed supply in most regions" - Mark Belling, Fifth Avenue Real Estate Marketing
- Photo: Ian Smith, Vancouver Sun / "Pent-up demand will result in strong sales volume well into 2002" - Tracie McTavish, Concord Pacific
- Photo: Ralph Bower, Vancouver Sun / "It has never been easier to qualify for ownership" - Howard Steiss, Adera Development
- Photo: Ward Perrin/Vancouver Sun / "Improving levels of demand will lead to upward pressure on prices" - Neil Chrystal, Polygon Homes

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