

REAL ESTATE ROUNDUP

PETER MITHAM

Affordability top of mind for developers and buyers; report underscores how much Vancouver skews market



Chinatown hustle

Anthem Properties Group is moving forward with Union, the project in Victoria's Chinatown formerly known as Bambu.

Amadon Group launched Bambu in late 2005 and shelved the project when fast-rising construction costs and moderating demand led to the conclusion that the economics of the \$45 million project wouldn't pencil out. Anthem has rejiggered the development's configuration and brought it back to market with 133 units in two five-storey blocks. B.C.'s Major Projects Inventory pegs the new construction cost at \$20 million.

Speaking last year, **Sylvia Yung**, Anthem vice-president of communications, said the changes give the project an efficient design with fewer unit sizes. The simple arrangement contributes to the lower cost and promises to be an easier sell to buyers less bamboozled by a plethora of layout options.

The initial release comprises 130 suites. These are primarily one-bedroom units, with 12 suites offering two bedrooms and a den. Three loft-style units with two bedrooms are being held for a later release.

The total size of the development is 35,500 square feet. The cheapest units start at \$239,900 for 491 square feet – or approximately \$489 a square foot.

Detached home values

The press release announcing **Anthem's** launch of Union described the property as appealing to buyers "seeking exceptional value." Given that it's been a while since homes hit the Vancouver market at less than \$500 a square foot, one can see the appeal.

But the latest housing affordability report from **RBC**



Power in Union: simple and affordable configurations at the Union development in Victoria buoy Anthem Properties' hopes that the project will be more successful than when it originally hit the market in 2005

Economics underscores the disproportionate role of Vancouver in skewing affordability measures in the province (and, in turn, making projects such as Union seem attractive by comparison).

"Measures for all housing types are now either at or very close to their worst levels on record," report authors **Robert Hogue** and **Craig Wright** stated. "Such poor affordability almost entirely reflects the sky-high market valuations in the Vancouver area."

Detached home values are exactly that – detached.

"The RBC measure for bungalows jumped by a whopping 10.4 percentage points – a record – in the second quarter to an all-time high of 92.5%," Hogue and Wright reported.

"With the bar set so high, owning a home is a dream that only the area's highest-earning households

can contemplate."

Or perhaps not. The report tips foreign buyers as driving the upward momentum, and while this has had a knock-on effect on all manner of properties condos remain more affordable than last year – by a percentage point.

While still well above the 25-year average, the average condominium requires just 47.1% of a household's monthly income. That's just less than half what a two-storey home requires, but chances are the buyer seeking a two-bedroom home isn't putting in offers on condos.

Bellstar takes Comox

Calgary-based **Bellstar Hotels and Resorts Ltd.** has added another B.C. resort to its management portfolio. This time it's Comox Bay Marina & Residences, a natural fit given the popularity of Vancouver

Island with Alberta buyers.

Bellstar previously managed Miraloma on the Cove in Sidney, but its management contract ended last year when Miraloma's owners converted the development to condos. **Howard Land**

"Such poor affordability almost entirely reflects the sky-high market valuations in the Vancouver area"

– Robert Hogue and Craig Wright, economists, RBC Economics

Group recently approached Bellstar to manage the Comox project, which is set to open in early 2014.

"We looked at the plans, we looked at the condos, we looked at

the size of the resort, we looked at the market in Comox and we decided it is a fit for us," said Bellstar COO **Ralf Strub**.

Strub said the addition of Comox opens opportunities for Bellstar to become more active on Vancouver Island. It was meeting with a second resort owner last week, and it's in discussions with a third property. The latter two are operated by the developer, who sees value in having an outside management company.

"They understand it's a different skill set," Strub said.

Bellstar looks forward to being back on the Island following the termination of the Miraloma agreement.

"We want to add the Island again to our portfolio as a hub and make it more worthwhile than it is with one resort," Strub said. ■ pmitham@telus.net



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