

OPINION

Penticton opens the door to growth touting lower-cost housing and lifestyle choices



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A new Penticton development called Sokana, by Epic Real Estate Solutions. The Okanagan city has experienced a mini-boom of new development as more people are choosing to relocate to the community from larger urban centres.

EPIC REAL ESTATE SOLUTIONS

Dan Freeman was living in Surrey, B.C. and hating his job when he figured out a way to work remotely. That key piece made the move out of the Lower Mainland possible, says the 36-year-old, who writes proposals for the development industry.

His parents were building a home near Penticton, B.C., and he was visiting them a lot. Last August, he sold off his Surrey condo and moved there as well.

“I was tired of the traffic and the weather, and not feeling connected to the community,” he recalls. “Every time I would visit I felt so peaceful. My nervous system would settle, cruising country roads, driving by the lakes. When I would come home, I would say to myself, ‘why am I here?’”

Although he didn’t think of it that way at the time, Mr. Freeman was part of a pandemic trend that saw people re-evaluating their lives and opting for more gratifying work and easier lifestyle. Others are downsizing from busy careers in expensive urban markets, cashing out and getting more bang for their buck. As a result, the low-lying Okanagan city of Penticton, in the heart of wine and mountain biking country, is seeing a mini boom that it hasn’t experienced in decades.

It has meant a near 10-per-cent growth spike in a five-year stretch for the 37,000-resident community according to the most recent census stats, says Penticton’s general manager of community services and economic development, Anthony Haddad. That’s not bad for a small city that saw most of its development from the 1950s to the 70s, and has only seen population increases of around 0.8 per cent in previous years.



Dan Freeman moved from Surrey B.C. to Penticton and works remotely.

KURSTEN FALLER

The city has responded with a plan to densify a large commercial area that has some single-family housing, with new developments of around six- to eight-storeys, although 14- to 15-storeys are allowed in other areas. Heights are limited by geotech and air space constraints due to the airport, as well a desire to keep the character of the surrounding hillside, he says. The city is also making use of city-owned land and entering into partnerships to develop hotels and workforce housing needed for the local hospitality industries, which are a key economic driver.

“Use of city land is one of the many options to increase supply over coming years,” he says.

And the slow but meaningful growth means they can plan for density and infrastructure accordingly, Mr. Haddad says.

“We’ve been growing relatively quickly in much more of a compact, more sustainable manner and investors are certainly taking advantage of different opportunities Penticton has to offer,” he says.

The city is putting the word out that it’s open to development, particularly in the North Gateway Plan district, which will go from around 350 residential units to more than 2,250 once built out, says Mr. Haddad. The plan is to densify with apartments, townhouses, workforce housing, hotel rooms and 30,000 square feet of commercial space.

Penticton does not have the speculation and vacancy tax like nearby Kelowna. However it is conducting a review of the effects of short-term rental, which generate high revenues and turn condo units into vacation businesses.

“We have a lot of people up from the coast with bigger property values bringing that here, and we have seen property values increase in Penticton. But with that we have seen new talent move here with business opportunities and development opportunities coming from larger urban centres as well.

“[Growth] does have its challenges, because it’s an attractive place to invest, and want to relocate to, but the supply of housing hasn’t been able to keep up with

demand, like many communities across the province.”

Rachael and Paul Cabrera chose to move to Penticton because they were ready to semi-retire. After a couple of years spent looking around on Vancouver Island and Nelson, and even Nova Scotia, Ms. Cabrera says they settled on the Okanagan city for the lifestyle, the wine and the fact it had urban amenities like a big hospital and international airport in Kelowna. So they sold their Squamish home a couple of years ago for \$1.45-million before fees and bought a new 3,600-sq.-ft. Penticton house for \$1.4-million in a new subdivision, including taxes and custom improvements.

Ms. Cabrera does some HR consulting and for fun, she works at a winery in the summer. She and her husband Paul, both in their fifties, have always been food and wine people, and the Penticton region is the equivalent of California’s Napa Valley, semi-arid wine country with about 88 wineries in the region. The house includes a 700-sq.-ft. two-bedroom suite, which means they have options for a revenue stream. But competition was fierce when they bought in January, 2022.

“We put in offers above asking and people still beat us. It was crazy time, for sure,” Ms. Cabrera says. “We have way more house than what we could have gotten in Squamish.

“Price wise, it’s not like a Nova Scotia price or even Nelson. But you definitely get way more than what you could get in the Lower Mainland.”



Rachael Cabrera outside her home in Penticton. Cabrera and her husband Paul chose to move to the city because of its lifestyle, proximity to Okanagan wine country and its amenities, including a hospital and international airport in nearby Kelowna.

PAUL CABRERA

Due to the market softening, there have been some more recent price adjustments of \$50,000 to \$100,000, but overall, they've done well in terms of an investment, she says.

A neighbour in their cul de sac has a comparable house listed for \$2.5-million, which is more like a Vancouver house price.

"I don't know how these young people afford it," she says.

The Cabreras, who'd lived in Yaletown before moving to Squamish, had always planned to move, but their plan was accelerated by a couple of years due to the

pandemic, says Ms. Cabrera.

But remote work also looks different than a few years back. It used to mean someone living in Penticton and flying to Alberta for work, but now it means working on a laptop at the dining room table, says Mr. Haddad.

“We’ve seen home based business licenses increase on an annual basis, suggesting an influx of remote workers,” he says. “And demand for co-working spaces has increased as well, with another couple under construction.”

Mr. Freeman is working in a shared office space, where he’s met most of his new network of friends of all ages. As a result, he’s now discovered pickle ball and improve theatre, things he wouldn’t have done back home in Surrey.

Mr. Freeman sold his condo in Surrey and he’s living in a cottage on his parent’s property but he has plans to buy his own place. He’s watching the price increases coincide with the growth spurt, and although he has concerns it could grow too fast, he welcomes new development.

“Most of my friends are transplants, from Alberta, Saskatchewan, the Island, the Lower Mainland, back east. A Brit. It’s a wide demographic.

“I was hesitant to even be a part of this story because I don’t want people to know about here,” he adds, laughing. “Selfishly, I’d rather it not grow, but people have to live in affordable homes. I like the fact that there is condos going in, and condo towers over all. I’m hoping that it helps home prices. I don’t have too much faith it will. House prices are high. It’s not as high as Vancouver, but it’s still high.”

Kelowna marketer Shane Styles, president of Epic Real Estate, sees pent-up demand in that market for multifamily condos, such as Kerkhoff Construction’s 234-unit, six-storey Sokana project. Kerkhoff is one of the largest developers in the region and it’s their first project for Penticton, although they built a luxury lakeshore project in nearby Summerland. Sokana is replacing an old motel site near the lakeshore. Penticton has a lot of 1950s motels, built when car culture and road trips were popular.

Mr. Styles says interest is from all demographics, including end-users and investors, first-time buyers and downsizers.

“Usually in the beginning of a project like this, there’s quite a bit of investor interest, and investor interest comes in different shapes and forms. They want to get into the real estate market and this may be that home that they use in the future, or not, but they want to ride the wave of appreciation.”

He couldn’t yet disclose prices, but said that newer condos in the area generally would sell in the low- to mid-\$300,000 range up to just less than \$1-million.

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