

A pandemic-fed urge to ramble sending B.C. real estate prices soaring

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Jason Lambert and Kailena Van de Nes moved from Ottawa to Vancouver Island because of the pandemic.

CHAD HIPOLITO/THE GLOBE AND MAIL

Several years ago, developer Eric Van Maren had the idea that in order to market his 70-acre multi-phased water-view vacation property in Oliver, B.C., he'd rent space along the highway to erect 13-foot high Adirondack chairs that would serve as signage.

The giant chairs became a marketing success story, because they caught the attention of many a vacationer (often from Alberta), who'd come seeking the semi-desert climate and wineries, golf and boating charms of Okanagan Lake, not far from the U.S. border. The Van Maren Group sold off all but one of the 285 custom-built houses in the subdivision they built to the south of Okanagan Lake on Osoyoos Lake, quaintly called The Cottages, with about 30 houses they sold last year that are still under construction.

If he could go back in time, Mr. Van Maren would have built bigger houses with more amenities, because most buyers ended up living there year round. Also, he wouldn't have worried about the top-end price. Initially, he thought that buyers wouldn't go higher than \$300,000 but it turned out that they had deeper pockets. They were people with good jobs who were relocating, and they had a lifetime of funds to support the move.



VAN MAREN GROUP



The Cottages on Osoyoos Lake in Oliver, B.C. Van Maren Group has sold all but one of the 285 custom-built houses in the subdivision, with about 30 houses sold last year still under construction.

VAN MAREN GROUP

Over the past two years, the pandemic triggered a super-sprawl reaction, accelerating the move into places such as the Okanagan, with wealthy buyers seeking the comforts of square footage, scenery and distance from others, who had the luxury of working or running businesses from their homes.

Mr. Van Maren just recently watched one of the houses sell for \$1.2-million. The same house had originally sold for \$500,000 in 2014. There's no point wishing he'd held back some of the houses to sell at higher prices, he says, because he could never have guessed the way things would go.

"I'm surprised by everything," says the developer who has almost 50 years in the business. "I'm surprised that values are going up like crazy. I'm more surprised that costs are going up like crazy. I just wonder how people are affording what we are building. They keep buying

it. There's just so much about our business that I haven't got a clue anymore why it's working. And incomes haven't risen by 30 per cent in places like Chilliwack.

"I know less than when I started."

As everyone discovered, the pandemic is extremely good business for real estate. The Canadian Real Estate Association's report showed that 2021 national prices shot past the average home price in December, 2020 by 17.7 per cent. And according to BC Assessments' 2021 property values, valuations of properties in small communities such as Port Alberni on Vancouver Island soared 47 per cent. (Valuations, while telling, don't always reflect the market price.)

When COVID-19 first broke, there was a collective pause as industry experts assumed the worst – a market that would grind to a halt. Instead, it did the unthinkable: set records.

A decade ago, people were leaving the suburbs and moving into the urban core, pushing lower income groups further outward, a phenomenon that author Alan Ehrenhalt discusses in his 2012 book *The Great Inversion*.

The super-sprawl of the pandemic is the opposite effect, and unlike the suburbanization of yesteryear, the motivation for moving is different.

It used to be that buyers would "drive to qualify" for an affordable house. But on Vancouver Island, for example, where increases ranged from 20 per cent to 35 per cent for single-family dwellings, that option isn't so straightforward anymore.

For those with equity, a decent income and an agreeable employer who will allow them to work remotely, the options have grown. For service and care workers tied to the workplace, it's not so simple.

Mr. Van Maren is selling a big project in Chilliwack, and he says the buyers are an entirely different demographic from the group in Osoyoos. About 70 per cent of them are from elsewhere, places in B.C. such as Surrey, Langley and Maple Ridge. They are selling their \$800,000 townhouse in Langley and buying a \$600,000 home in Chilliwack.

'I think you still have 'drive until you qualify' with blue-collar workers who don't have the luxury of potentially working from home. So I think, for them, it's still very much a factor

[to move outward]. And that's what's really benefited places like Chilliwack and Hope and Agassiz and to a lesser extent Abbotsford," Mr. Van Maren says.

"But for the older buyer, people in their 50s, they may still want to work for 10 years so they go to their boss and say, 'I'd like to work from home,' and the boss gives them permission to do so and their choices are endless.

"So why not go to a place like the Okanagan where you can enjoy the lifestyle and work for a few more years and have your vacation property year round?"



CHAD HIPOLITO/THE GLOBE AND MAIL



Jason Lambert and Kailena Van de Nes bought a waterfront house for \$300,000 less than the list price because of uncertainty due to the pandemic.

CHAD HIPOLITO/THE GLOBE AND MAIL

Another characteristic of the super-sprawl phenomenon is an appetite for housing investment. It's not surprising considering detached-house values in Chilliwack, Langley and Abbotsford rose 38 per cent to 40 per cent.

"I think pretty much any townhouse project in the Upper Fraser Valley, people from Surrey are looking at those prices and saying, 'Wow, I can buy a townhouse in Chilliwack and rent it out for "X" dollars and almost double my mortgage payments.'"

Developer Anthony Beyrouiti's company, Orchard Park Properties, is building three towers in downtown Kelowna, including the Interior's tallest high rise. The developer has sold out one tower at Water Street by the Park, and is about two-thirds of the way through sales of the second residential tower, including the \$1.65-million sale of a three-bedroom unit. Demand is brisk and they've been adjusting prices along the way.

The company had done extensive marketing in Alberta, but more buyers came from Toronto, says Mr. Beyrouiti. Surrey buyers also turned out in great numbers. And just less than half of the buyers were investors.

The surprisingly high BC Assessment figures are motivating buyers, he adds.

“The BC Assessment puts people into an urgency to maybe find a place for themselves, so that’s reinvigorated the market. People are looking around and saying, ‘I have to buy something before it’s out of reach.’ That’s what I’ve seen happen.”

Kelowna has been growing for several years, buoyed by the University of B.C. campus and the airport. But the smaller emerging markets that are now desirable are “basically a lot of the places you’d go camping when you were growing up,” says Mr. Beyrouiti, communities such as Peachland, Penticton and Vernon.

Long-time Ottawa residents Jason Lambert, 47, and his wife Kailena Van de Nes, 38, chose Vancouver Island.

When the pandemic struck, the couple had a pivotal moment. Mr. Lambert was already working from home and Ms. Van de Nes’s thriving dance class business had taken a painful nosedive, going from 1,000 to 90 students. The couple, who’d built equity in three properties and weren’t fond of extreme winters, looked at each other and asked, ‘Why are we in Ottawa?’”

In the space of eight weeks, they sold off everything they owned, purchased a waterfront property on Vancouver Island, bought an RV, packed up their four pets and drove across Canada to begin a new life on the coast.

Because of the uncertainty of the market at the start of the pandemic, the sellers of the waterfront home accepted an offer that was \$300,000 below asking. (The couple preferred not to say the amount they paid).

“The combination of winter coming and also being in a pandemic during winter, I just knew that I couldn’t do it,” says Ms. Van de Nes, who now teaches her dance classes online.

A year after moving in, they live in a high-end home with ocean views, steps to the beach and marine life, and all mortgage-free. Each day, they say, feels like they are on vacation. Neighbours bring them freshly caught crab and vegetables from their gardens. Mr.

Lambert's parents live on Vancouver Island, and they are trying to convince their friends from Ottawa to also make the move.

Mr. Lambert, who works in sales of weapons scanning equipment, says his employer is okay with paying for his frequent air travel for work. They're now looking to purchase a pied-à-terre in Victoria, Vancouver, or Seattle, so Ms. Van de Nes can enjoy urban life while her husband is away. There's not a lot to do in Lantzville.

But they are blissfully pleased with their choice, despite the massive stress of a deal that was subject to the sale of their Ottawa home.

"I didn't want to go into debt for a house, because I have for a long time, and it was a personal pride thing. It was not trivial; it came down to the wire to make it all happen. The fact that we could sell the three properties in Ottawa – we came out ahead, but it was close," Mr. Lambert says.

"I think it would be very difficult for us, even if we were in a penthouse condo with a lot of room, it would be very difficult to be in a big city just given who we are. For us, it was a very, very good move to be able to combine work, the cottage and the house into one location."



CHAD HIPOLITO/THE GLOBE AND MAIL



Jason Lambert and Kailena Van de Nes's new Vancouver Island home features high-end features and ocean views, steps to the beach and marine life.

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