

What's Driving BC's Waterfront Prices?

August 6, 2007

At the 2007 Vancouver Real Estate Forum, Warren Jester, Senior Vice President and Chief Economist for Scotiabank, highlighted the shift of economic growth from Central Canada to Western Canada, with Alberta and BC leading the Canadian economy by a wide margin. A recent Stats Canada publication reports 2007 as the fifth straight year that BC's economy has outgrown the national average and reiterates that the country's economic momentum appears to be shifting west. For BC and Alberta residents, that's just old news.

Alberta and BC have become a western powerhouse to Canada's sluggish eastern provinces and there is no sign of slowing. A healthy and extremely wealthy oil and gas economy in Alberta has driven billions of dollars into the BC real estate economy for a number of years now and is increasing steadily. According to a Landcor study, in 2005, Albertans were responsible for over \$1.2 billion dollars in BC real estate purchases and holding strong. "Our demographic of purchasers are almost entirely Albertans" says John Kinnear of Vista Verona, a luxury Okanagan lakefront development in Vernon, BC, "and price is usually no object. They know what they want, and they have the resources to get it".

And what they want is waterfront. Albertans are recognizing the value and beauty of BC lakeshore and oceanfront properties and they're wasting no time in acquiring it. With the growing demand, and extremely limited supply, values have been driven up in every waterfront market in BC. "We're extremely fortunate to be building a very in demand product in a very niche market," Mr. Kinnear continues, "we've built luxurious condominiums in a private and secluded setting, with your boat parked at your doorstep and downtown just minutes away. Compare that to staring down MacLeod Trail with your neighbour 8 inches from you, hours of downtown traffic and the nearest lake 6 hours away and there is absolutely no doubt why Albertans are hungry for BC waterfront".

The most expensive waterfront housing markets in the country are also located in BC, with averages in Invermere at \$2.5 million, Kelowna at \$2 million and Salt Spring Island at \$1.5 million. The median price of waterfront in the North Okanagan also reached \$1.5 million in the spring of 2007, according to MLS statistics, becoming one of the newly "discovered" and in demand waterfronts in BC.

Overpriced? Actually, no. For local residents, it's hard to imagine, but on the global stage, BC waterfront properties are actually considered undervalued. They are also considered world class. According to the 2007 Re/Max Recreational Property Report, this translates to incredible investment opportunities. Compared to similar properties in the US and overseas, BC is extremely competitive, which has gained the attention of international and out of province investors. BC's kept lakeshore gems are soon becoming world renowned destinations – with the price tags to match.

Krystine McInnes, Mortgage Broker, Owner/Partner of Vintage Valley Mortgage and Financial and Marketing Director of BNS Lakeshore Developments Ltd. All market research verified and published through independent sourcing.

References:

*Vancouver Sun May 16, 2006. "Albertans Drive Up Real Estate Prices" by Derrick Penner
2007 Re/Max Recreational Property Report
2007 Vancouver Real Estate Forum Report
Stats Canada statistical information on economic growth sectors*