

# Supply-demand gap renovating neighbourhoods

Apartments, townhouses in projects located in areas not previously popular are being sold well in advance of construction completion



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SPECIAL TO WESTCOAST HOMES

## CITY VISION

New neighbourhoods, both in the city and in the suburbs, are emerging as popular spots to locate as voracious buyer-demand and limited supply of new housing product is beginning to cause buyers to look at living in areas they wouldn't have even considered 18 months ago. Prices in these emerging areas are up as well.

Neighbourhoods are in transition

along East Vancouver's Kingsway commercial strip, as a number of multi-family infill projects appeal to both first-time and move-up buyers who still want to be close to the downtown but can't afford highrise prices in the core area.

A recent quarterly survey of the new multi-family home market in the Greater Vancouver area cites the popularity of projects like Intracorp's Uno and Bogner Development's SOMA Lofts, located across the street from each other in the shadow of the old Biltmore Hotel at Kingsway and East 12th, as an example of this shift to emerging neighbourhoods.

Both projects offer good value in comparison to west-side prices, but they are still setting new benchmarks for east-side prices at \$325 per square foot.

The survey published by Vancouver real estate market research firm Urban Analytics reveals that the supply of

new multi-family homes in the Greater Vancouver area barely kept pace with the pace of new homes sales during the first half of this year.

Between January and July, a total of 7,420 new multi-family homes in 86 different projects began selling. Buyers meanwhile grabbed 7,286 new multi-family homes during the same period. Sales of new multi-family homes outpaced last year's first-half results by 54 per cent.

This has led to price increases throughout the region, such as in the Lougheed Mall area and Middlegate Mall area, both in Burnaby, or the Cloverdale area of Surrey where a 1,000-square-foot condominium that sells for \$205,000 today is up nearly 14 per cent over the price level of two years ago.

Urban Analytics' president Michael Ferreira says much of the new product offered in the marketplace today, both in condominiums and townhouses, is

being pre-sold well in advance of construction completion. He believes this will lead to a shortage of standing inventory in the near future.

An example of the demand for pre-construction product is last week's soft opening of Palladium's new Cortina community on Burnaby's South Slopes near the Edmonds SkyTrain station. With little advertising and only a scale model and display mock-up home to show buyers, over one weekend more than a dozen contracts were signed for homes, the first of which won't be available until early next year.

Burnaby's South Slopes area is an emerging suburban neighbourhood where the first wave of fairly predictable cookie-cutter-style condo development followed SkyTrain a decade ago. The latest growth in the area is more innovative, with larger communities offering a wider range of product.

The Cortina is an innovative mix of 81 apartment-condominium homes in a

feature four-storey building located at the front street and 111 townhouses clustered in nine buildings terraced down a sloping site adjacent to Taylor Park.

The diverse range of home types and floor plans suggest this new community will be pretty diverse and likely the home to both seniors and families. Ferreira predicts a number of new competing developments will begin marketing in inner-city transition neighbourhoods and emerging new suburban neighbourhoods, easing the supply shortfall.

This may temper further price increases. But Ferreira also predicts that existing pent-up demand in many of these sub-markets will help absorb much of this product well ahead of the time buyers can actually occupy the new homes.

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