



VANCOUVER SUN FILES

With prices of houses out of reach for most people, a fast-increasing number are now looking for condos, figures suggest.

Sticker shock drives house hunters into condominiums

THE MARKET | New reality means people moving here are likely to buy apartments

BY DERRICK PENNER
VANCOUVER SUN

Call it home hunting, not house hunting. Potential buyers in Greater Vancouver's real estate markets are increasingly giving up on dreams of a white picket fence and settling for townhouses or condominiums.

Builders in the region already build townhome and condominium units at a rate of almost three to each single-family home. And multi-family projects dominate overall real estate sales.

Re/Max, in its first-quarter 2006 condominium market report, found that more and more buyers are gravitating toward apartments and townhouses, citing sticker shock as the key reason.

Re/Max tracked 4,274 condominium sales in Greater Vancouver during the first three months of the year, a total that is up three per cent from sales for the same period of 2005.

Burnaby realtor Roland Tecson, with Sutton Group Priority Realty, has seen buyers go through that sticker shock. He is currently working with a family from Ontario who have had to shift their

Buying in the sky

British Columbia home hunters are flocking to the condominium and townhome markets in ever greater numbers, largely because prices are pushing them there, Re/Max reports. Here's the real estate firm's unit sales count for the first quarter.

	2003	2004	2005	2006*
Vancouver	3,690	4,431	4,106	4,274
Victoria	412	494	571	637
Kelowna	302	304	369	406

Greater Vancouver housing starts

	2004	2005	2006*
Multi-family	13,816	13,979	15,000
Average price	\$308,404	\$320,416	\$352,500
Single-family	5,619	4,935	5,500
Average price	\$553,459	\$611,333	\$685,000

* Forecast

sights away from the house they gave up in their move.

"They're coming from a nice three- or four-bedroom home in a nice suburb, and they're coming here to find they're looking at townhouses, at best, in [the same] price range," Tecson said.

Tecson added that while incomes in Greater Vancouver have not gone up that much, housing prices have doubled within the past five years.

"People cannot get into the house they dream of," Tecson said.

Vancouver realtor Raymond Leung, with Amex Fraseridge Realty, said that almost every other day he gets a call from someone who asks about housing prices, "and when they find out... they hang up."

He added that the market

has never been hotter, but buyers have become accustomed to the fact that only apartments are affordable now.

Ahmet Kadioglu, a realtor with Royal Pacific Realty in Vancouver, said he has had similar experiences with clients who have sold homes in Windsor or London, Ont., only to move into apartments here.

However, he added that he deals with a lot of international clients, "and for them, Canada is still a bargain, though it isn't for us."

Peter Simpson, CEO of the Greater Vancouver Home Builder's Association, said new buyers are acclimatized to the new reality. He noted that at the association's annual seminars to educate first-time buyers, the majority of

attendees surveyed say they expect to buy a townhouse or apartment.

That is a sea change from when the association first started and the majority said they were looking for a house.

Simpson said prices for Greater Vancouver's limited land base are rising, and construction costs are going up, leaving builders no option but to "carve up that land into smaller pieces" to deliver affordable housing.

However, the trend toward condominiums is no longer unique to Vancouver. Elton Ash, Re/Max's executive vice-president for western Canada, said markets such as Victoria and Kelowna are also seeing more condo sales.

And in Edmonton and Calgary, the number of buyers snapping up multi-family units skyrocketed in the first quarter of 2006 about 40 per cent over the same period of 2005.

Ash said Re/Max realtors are seeing larger numbers of lifestyle buyers, such as baby-boomers and retirees, looking for low-maintenance property.

First-time buyers, however, are having to stretch budgets, despite low interest rates and long amortizations, and are discovering that condominiums are "the easy answer."

"Affordability is one of the key issues we're seeing, and that's what's driving a large part of the condominium market," Ash said.

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B.C. steps up bid to attract China tourists

TOURISM | Talks at the government level have stalled

BY BRUCE CONSTANTINEAU
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Anxious B.C. tourism officials have accelerated marketing activities in China, even though government talks aimed at boosting Chinese tourism to Canada have stalled.

Vancouver hotelier Rolf Osterwalder travels to China on a sales mission next week, while Tourism BC deals with Chinese tour operators and travel media to promote B.C. as a tourism destination, and the Vancouver-based Canadian Tourism Commission educates Chinese travel agents about Canada.

The activities represent groundwork that won't fully take hold until Canada and China complete a deal to give Canada Approved Destination Status, which will make it easier for Chinese tourists to travel here. But no one knows when that will happen.

The two countries announced in January 2005 that negotiations to give Canada ADS status would begin, and were expected to take about a year. But 16 months later there's still no deal, and Canadian officials are waiting to secure their next meeting with the China National Tourism Administration.

"The talks are more complicated than people originally anticipated, so it looks like we have to be more patient," Tourism Vancouver vice-president Stephen Pearce said in an interview. "Optimistically, the discussions won't conclude until later this year, so we probably won't see our first ADS consumers until 2007."

Immigration-related issues appear to be taking longer to settle than most people expected. China, for example, is said to be concerned about possible "overstays" among visitors to Canada — people who might travel to Canada with no intention of going back.

China has granted ADS status to 81 countries, allowing its citizens to travel to those places for leisure purposes, not just for business or to attend school. The number of outbound travellers from China has grown from about 10 million in 2000 to 30 million in 2004, and is expected to hit 100 million by 2020.

B.C. attracted about 83,000 travellers from China last year,

compared with 241,000 from Japan — the top overseas market for the B.C. tourism industry. Tourism BC president Rod Harris expects that with ADS, Chinese visitation to B.C. could rival Japan within three to five years.

"When ADS does happen, I think we'll see orderly growth [in the number of Chinese visitors to B.C.], not explosive growth," Harris said. "But it will be important in helping to offset difficulties we see in other markets."

Osterwalder, general manager of the Hyatt Regency Hotel in Vancouver, said B.C. tourism operators need to diversify their customer bases because markets are always shifting. He noted the number of U.S. visitors to B.C. has dropped in recent years, the Japanese market is still not as strong as it used to be, and Vancouver has lost cruise ship business to Seattle.

"You have to diversify and be open to new markets like China," Osterwalder said. "The sooner we get ADS, the better, because then we can get a better strategy going and have better forward-looking projections."

Donna Brinkhaus, executive director of Asia Pacific marketing for the Canadian Tourism Commission, said the organization expects that when ADS kicks in, the number of Chinese visitors to Canada will increase by about 25 per cent annually, compared with the current growth rate of 15 per cent. She said the commission wants Chinese visits to Canada to grow in a controlled manner so that Chinese tourists can experience quality products.

"We want to ensure Chinese visitors have a good experience and they go back and talk about Canada in a positive light," she said.

Whatever growth numbers materialize, Harris said spending by new Chinese tourists will likely be lower than spending from tourists in more established international markets.

"At first, they're likely to come in groups and look at less-expensive itineraries before they become more knowledgeable about the country," he said. "After that happens, they're more likely to move to higher spending on more upscale products [like outdoor adventure, golf, skiing and fishing]."

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Canada could do a much better job of helping needy countries



DON CAYO
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COLUMNIST

If the new federal government is serious about not only inching up Canada's traditionally stingy foreign aid budget, but also spending it smarter, then CIDA, its aid arm, has a lot to learn.

According to a new study from the C.D. Howe Institute, Canada's aid dollars do far less good than the money spent by several other countries that have aid budgets more or less the same size.

Indeed, Danielle Goldfarb, a senior policy analyst at the Howe, and Stephen Tapp, a doctoral candidate at Queens, rank Canada dead last in a study of aid budgets in six countries — Canada plus Denmark, the Netherlands, Norway, Sweden and the United Kingdom.

The annual aid spending from the other five countries in 2004 ranges from slightly less than Canada's \$3.4 billion in much smaller countries like Denmark and Norway to about three times more in the U.K., which has about twice Canada's population. (The share of GDP these countries devote to foreign aid ranges from 0.36 per cent to 0.87 per cent, compared with Canada's 0.27 per cent.)

What do these countries know or do that Canada doesn't?

First, they do research on what works and what doesn't, or at least pay attention to research

that others do. CIDA doesn't, the researchers say, and it seems to shun feedback and debate.

Next, they keep their bureaucracy lean and their decision-makers in the field so they have first-hand knowledge of what they're doing. Canada, by contrast, has the largest bureaucracy of any of the aid agencies studied, and it's concentrated massively in Ottawa where almost all the decisions are made.

The other countries focus their aid in a relative handful of places and they target just a few issues where they have real expertise. Canada, on the other hand dispenses aid almost everywhere, and it tries to tackle a basket of issues so large that it includes almost everything.

(In 2003-04, for example, when Canadian aid was officially favouring just nine countries, Canada gave money to 161 countries — more than three-quarters

of the nations on earth.)

They co-ordinate their aid and trade policies in ways that reinforce each other over long periods of time. Meanwhile Canada's aid and trade policy-makers work in separate silos, and aid policy has been inconsistent, if not capricious, under 11 different ministers in the last 18 years.

They provide most or all of their aid with no strings attached as to where it's spent. Tied aid, which requires recipients to spend it on donors' products, is proven to be less effective, and the UN conservative estimates that it costs \$5 billion a year in lost purchasing power. Yet Canada still ties 43 per cent of its aid, including half its food aid.

Canada's scatter-gun approach to aid means that the people making decisions in Ottawa often don't know much about the countries they're dealing with. It also hampers our ability to deal

with governance inadequacies on the receiving end — a huge issue identified by Prof. John Richards of Simon Fraser in a companion study for C.D. Howe.

Countries that focus their budgets on fewer countries can often leverage their aid to prompt better policies from the recipients. But Canada makes itself an unflattering bit player everywhere by spreading small amounts of money all over the globe.

Richards argues that Canada has a comparative advantage in health and education — two critical areas of development — because of our nation's experience running diverse and far-flung systems of our own.

This insight fits well with what Goldfarb and Tapp conclude. One of their five recommendations calls for much tighter focus on fewer countries and fewer issues.

In addition, they say, Canada should:

■ Shift staff and decision-making from Ottawa to the field.

■ Invest in research capacity to determine what works and what doesn't, or at least draw more on the research of others.

■ Untie all of our aid.

■ Pay more attention to the mix of aid, participating in multi-lateral approaches instead of bilateral ones when they have advantages such as avoiding overlap or offering economies of scale.

"If Canada targets a few countries, learns about them, exploits our comparative advantage in delivering health and education services," Richards concludes, "we can help improve the quality of life for millions of people beyond our borders."

In other words, we can't save the whole world, but we can do a much better job of helping some very needy parts of it.

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