



## House construction shifts farther east with more starts in Fraser Valley

CMHC analyst says more land available at lower prices is driving the change

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Builders started construction on more houses in the Fraser Valley and fewer in Greater Vancouver in the first three months of 2007 compared with a year earlier, Canada Mortgage and Housing Corp. reported Wednesday.

And Canada Mortgage and Housing analyst Robyn Adamache said it is more than coincidence that housing is much cheaper in the Valley and becoming astronomically expensive in Greater Vancouver.

"I think it's mainly an affordability factor," Adamache said.

Abbotsford recorded that builders started work on 406 new homes from January 1 to the end of March -- a 23-per-cent increase. Greater Vancouver's starts declined 15 per cent to 4,329 units.

"Land availability and prices, which are more conducive to development compared to Vancouver, are driving growth in new-home construction in Abbotsford," Adamache said.

In Greater Vancouver, the biggest decrease was in single-family homes where resale prices, Adamache noted, averaged \$730,000 during 2006.

The 857 new houses begun in the first quarter represented a 40-per-cent drop from the first quarter of 2006.

In contrast, builders poured foundations for 102 houses in Abbotsford, an increase of 15 per cent from a year ago, where house prices last year averaged about \$367,000.

Adamache added that Abbotsford's average condominium prices are about \$100,000 lower. While condo starts rose 27 per cent to 329 in Abbotsford, Greater Vancouver starts dropped five per cent to 3,472.

Peter Simpson, CEO of the Greater Vancouver Home Builders' Association, said the continuing "push east" is not unexpected.

Simpson added that a buying-intentions survey at the end of his association's recent first-time buyers seminar in Greater Vancouver showed that more expected they would buy townhouses and condominiums than houses.

"Their expectations now are that they're not going to be able to buy a single-family home," Simpson added, unless they are willing to move to communities such as Abbotsford, Maple Ridge or Chilliwack.

Adamache added that building slowed because of competition for labour. Some new home building will wait because workers are busy on non-residential construction projects.

Simpson said builders are also busy playing catch-up on existing construction projects following three months of nasty winter storms.

He added that a lot of housing developments are in the promotional phase, and as those begin later in the year, total starts will be close to last year's final tally.

Adamache said she will likely revise her 2007 forecast for Greater Vancouver down slightly. However, the first-quarter of 2007 is still the second highest number of starts since 2001.

Across B.C., housing starts dropped 8.9 per cent to 7,228 units in the first quarter of 2007 compared with the first part of 2006.

Nationally, while March showed more strength than February, CMHC reported starts across the country down 10 per cent from 2006 and are "gradually trending lower."

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