

REAL ESTATE

Vancouver's luxury home sales surge, largely due to influx of offshore money

Mainland Chinese buyers a major factor, but European, U.S. purchasers also attracted to city

BY BRIAN MORTON
VANCOUVER SUN

If you think Vancouver's housing prices are overdue for a major price adjustment, tell that to the surging number of luxury home buyers.

According to MLS statistics provided by Macdonald Realty, a record 375 homes — including nearly 50 condos — sold for over \$3 million in 2010, breaking the record of 209 set in 2009 and more than double the 167 sold in 2008.

Of those, 73 homes sold for over \$5 million.

The sales were primarily, but not exclusively, on Vancouver's west side, with the priciest home going for \$17.5 million at 3489 Osler.

The second and third priciest homes — the second also on Osler and the third on Point Grey Road — both sold for about \$11 million.

As well, Macdonald Realty says, if current patterns hold, the number of \$3-million-plus homes is expected to reach 550 this year, raising the spectre that in some neighbourhoods a \$3-million home may no longer be considered particularly exclusive.

In 2000, just 10 properties in Metro Vancouver sold for over \$3 million, none of them condominiums.

The market for luxury homes is now "insanely hot," with mainland Chinese buyers — who are also impacting the Richmond market in a big way — the primary purchasers, said Dan Scarrow, Macdonald Realty vice-president



This home on 3489 Osler St. was the priciest house sold in Vancouver last year at just over \$17.5 million dollars.

of corporate strategy.

"Ninety-per-cent [of the luxury home purchases] are on the west side, probably some in West Vancouver," he said in an interview. "But it's incredibly

striking, when you think what the prices were 10 years ago."

Scarrow said that while a \$3-million house has always been categorized as "luxury," he no longer knows if that's

the case in key West Side neighbourhoods, including Shaughnessy and Point Grey.

"We're part of a global luxury market by the ultra-wealthy," he said. "And

from the buyers' perspective, prices here are cheap for what you get."

Tsur Somerville, director at the centre for urban economics and real estate, Sauder School of Business at the University of B.C., said in an interview that just because there are more homes selling for over \$3 million doesn't mean they're not luxury homes.

"It's pretty subjective," he said. "But \$3 million is an expensive home. And just because it's on a small lot doesn't mean it's not a luxury house."

"And the fact that there's a whole lot more [\$3-million homes] than a decade ago, with the price increases, there'd better be."

Somerville also said that China is a huge source of immigrants to B.C. and that mainland Chinese immigrants tend to be investors and entrepreneurs.

"Clearly, there's a very targeted demand for higher-end properties that many associate with the mainland Chinese market."

But he said there's an absence of clear data on the specifics of those buyers, whether it's primarily immigrants or investor money from China.

As an indication of how the luxury condominium market has grown, Scarrow said that last year a total of 49 condos sold for over \$3 million — including seven for over \$5 million — with the top three closing in on \$6 million each, the priciest at Two Harbour Green, 1139 West Cordova, in Coal Harbour, for \$5.8 million and the other two at the Shangri-La in downtown Vancouver.

Scarrow said many more properties are crossing the \$3-million threshold, which now buys a new or newer house in the 2,500- to 3,000-square-foot range on a smaller west side lot.

"Now, you see multiple \$3-million-plus homes on every block. I'd say \$5-million is now where you're going for that luxury range."

'China is more expensive'

Alice Zhang, who moved from Hangzhou, China, to Vancouver two years ago, now lives in one of six properties that she and her husband have purchased in Vancouver since moving here.

Zhang, who has two children, is waiting to move into a new home they're constructing on a Shaughnessy lot that they bought for about \$3.1 million. The house is expected to cost another \$3 million, which Zhang believes is a good deal.

"We moved from the most beautiful city in China to Vancouver, which we consider more beautiful," said Zhang, whose family owns hotels and a real estate development company in China.

"I think that compared to other Canadian cities, Vancouver is expensive. But, China is more expensive [than Vancouver]."

"And the air is very fresh here and it's very green. You feel like you're in a garden."

Scarrow cited another client who purchased a 2,600-square-foot condo in Coal Harbour for about \$1,600 a square foot.

"[She and her family] has homes all around the world. In Knightsbridge, London, a flat was sold to her for \$8,000 [Cdn] per square foot. Their flat in London was 3,000 square feet and they paid \$24 million for it."

She also has two homes in Hong Kong, one in Lake Tahoe, one in San Francisco, one in New York and one in Madrid, Spain, Scarrow said. "They all say their Vancouver property is their favourite home. They think it's the best value."

Macdonald Realty manager Matthew Lee, whose firm sold the three most expensive homes in Vancouver in 2009 and two of the five most expensive homes in 2010, believes that it's not just mainland Chinese who are fuelling the luxury market, "but buyers from Europe and the U.S. are willing to pay these prices as well. Globally, Vancouver is still seen as a relatively good bargain."

While the west side of Vancouver had the largest number of luxury homes sold, other areas in B.C. have also seen some very expensive sales, including the Fraser Valley's top three sales between \$5.3 million and \$6.1 million, the Okanagan, from \$5.4 million to \$10.7 million, and Victoria, from \$3.9 million to \$6.8 million.

And while Vancouver has seen some very expensive homes sold over the past decade, including one for \$17.5 million in 2008 and one for \$17 million as far back as 2004, it's the sheer numbers that are striking. In 2000, just 10 homes sold for over \$3 million, and 78 in 2005.

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British Columbia Hydro and Power Authority
F2012 to F2014 Revenue Requirements Application

NOTICE OF APPLICATION WORKSHOP AND PROCEDURAL CONFERENCE

APPENDIX B
to Order No. G-40-11
Page 2 of 2

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	WORKSHOP	PROCEDURAL CONFERENCE
DATE:	March 16, 2011	March 25, 2011
TIME:	9 am	9 am
LOCATION:	Commission Hearing Room Twelfth Floor, 1125 Howe Street Vancouver, BC	Commission Hearing Room Twelfth Floor, 1125 Howe Street Vancouver, BC

THE APPLICATION

On March 01, 2011 British Columbia Hydro and Power Authority (BC Hydro) filed its F2012 to F2014 Revenue Requirements Application (the Application) with the British Columbia Utilities Commission (Commission) pursuant to sections 56 and 58 to 61 of the *Utilities Commission Act* seeking, among other things, the determination of just, reasonable and sufficient rates for its fiscal years 2012, 2013 and 2014 (F2012, F2013 and F2014), including:

- final approval to increase rates by an average of 9.73 per cent effective each of April 1, 2011 and April 1, 2012, to be applied as set out in Appendix X of the Application;
- a final determination that rates are to be increased by an average of 9.73 per cent effective April 1, 2013, to be applied as set out in Appendix X of the Application, subject only to the Commission's future review of an expenditure schedule regarding the expenditures on demand side measures (DSM) BC Hydro has made or anticipates making during the F2014 period;
- final approval to set the Deferral Account Rate Rider (DARR) at 2.5 per cent effective April 1, 2011;
- final approval to set Open Access Transmission Tariff (OATT) rates as set out in Appendix X of the Application.

The Commission wishes to ensure that affected parties have an opportunity to understand the Application and its implications for customer rates. The Commission also wishes to hear from affected parties before determining the public process necessary for the disposition of the Application.

THE REGULATORY PROCESS

The Commission will hold a Workshop on March 16, 2011 in Vancouver, BC to discuss issues in the Application and a Procedural Conference March 25, 2011 to discuss procedural matters related to the Application.

REGISTERING TO PARTICIPATE

Persons who wish to actively participate in this proceeding should register as Interveners with the Commission in writing by March 14, 2011. Interveners will receive a copy of the Application as well as all correspondence and filed documents. An email address should be provided if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as Interested Parties with the Commission in writing by March 14, 2011 and identify their interest in the Application. Interested Parties will receive an Executive Summary of the Application and a copy of the Commission's Decision when issued.

PUBLIC INSPECTION OF DOCUMENTS

This Application and supporting material will be made available for inspection at the following locations:

BC Hydro 16th Floor, 333 Dunsmuir Street Vancouver, BC V6B 5R4 Telephone: 604 623 4046	BC Utilities Commission Sixth Floor, 900 Howe Street Vancouver, BC V6Z 2N3 Telephone: 604 660 4700
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The Application is also available for viewing on the following web sites: <http://www.bchydro.com> and <http://www.bcbc.com>.

All submissions and/or correspondence received from active participants or the general public relating to the Application will be placed on the public record and posted to the Commission's web site.

FURTHER INFORMATION

For further information, please contact Ms. Erica Hamilton, Commission Secretary, by telephone 604 660 4700 or BC Toll Free at 1 800 663 1385, by fax 604 660 1102, or by email Commission.Secretary@bcbc.com.