

REAL ESTATE

Vancouver house prices to drop 14.8 per cent in two years: report

But even then, most homes will still be worth more than they were in 2010

BY JAMES KWANTES
VANCOUVER SUN

First, the bad news: Average house prices in Metro Vancouver will drop by 14.8 per cent from their peak by the end of 2013, according to a report released Wednesday by TD Economics.

The silver lining for Vancouver homeowners is that the average house will still be worth more, after the correction, than it was in 2010.

The national report — the latest in a string of bank dispatches warning of unsustainable Vancouver housing prices — projects that the annual average home price will peak at \$780,700 in 2011 before falling to \$688,800 in 2013. The average house price in 2010 was \$675,900.

Sales in Vancouver are projected to fall 25.4 per cent from peak to trough.

Nationally, a softer landing is projected for both house prices and resales. Average prices are likely to fall by 10.2 per cent in the next two years, and resale activity by 15.2 per cent.

While Vancouver house prices keep rising despite having pushed the limits of affordability for years, the difficult economic climate and impending

interest-rate hikes mean that a slowdown is virtually inevitable, TD economist Sonya Gulati said in a phone interview.

"From an economic point of view, [housing prices] are not sustainable," said Gulati, who authored the report with TD deputy chief economist Derek Burleton.

The report describes Vancouver as the "poster child" for those who fear a real-estate bubble.

Gulati acknowledged with a laugh the "boy who cried wolf" nature of the repeated warnings over the years about the unsustainability of Vancouver's gravity-defying prices.

One way Vancouver residents may be "coping" with resale home prices that are more than ten times average incomes is through the underground economy, the report suggested.

"For example, income generation through self-employment or renting basement apartments may not be included in reported income," the report stated.

"Key" downside risks to the TD Economics outlook are a greater than anticipated pullback in offshore buying and deterioration in household debt levels, already the highest in the country.

From 2000 to the end of 2010, a Metro Vancouver home delivered a

compounded-annual return of 7.8 per cent, according to a Housing Barometer Report released by Re/Max earlier this year.

Meanwhile, the monthly average of house prices in Vancouver continues to rise, hitting \$802,000 in April and \$810,000 in May.

The Toronto market is also expected to be among the hardest hit, with projected declines of 11.7 per cent in resale prices and 25 per cent in sales.

Prospects are "considerably better" for housing markets in Calgary, Edmonton and Regina, the report said, although it cautioned that means price and sales-activity declines will merely be less pronounced.

TD expects demand to be supportive in most markets this year and that the brunt of the adjustment will take place in 2012 and 2013.

Over the forecast period, the report said the market will be constrained by national economic growth, which is expected to slow from 2.8 per cent in 2011 to 2.3 per cent in 2012 and 1.9 per cent in 2013.

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FORESTRY

B.C. first nation logging firm wins national award

BY GORDON HAMILTON
VANCOUVER SUN

A logging company owned by the Alexis Creek First Nation west of Williams Lake is to be honoured with a national award today for its role in pumping a portion of its revenues back into education.

The company, named Tsi Del Del, employs 30 people in its logging operation, harvesting 90,000 cubic metres of timber a year. It is to receive the 2011 Aboriginal Forest Products Business Leadership Award at the annual general meeting of the Assembly of First Nations in Moncton, N.B.

Alexis Creek Chief Percy Guichon will accept the award on behalf of Tsi Del Del.

The company was chosen from more than 1,000 aboriginal businesses.

What makes Tsi Del Del rare among forest companies is that it turns over 50 cents for every cubic metre harvested to a post-secondary educational fund aimed at training the next generation of loggers for jobs in the increasingly complex forestry business.

That's something that the forest sector needs to see happening in the worst way, said Forest Products Association of Canada vice-president Andrew Gage. Forestry is rebounding and is going to need more employees in the coming years as the China market grows, bio-energy begins to play a larger role and the U.S. housing market makes an eventual comeback, he said.

The educational fund has resulted in one band member receiving a master's degree in forestry, Guichon said before accepting the award.

"And it put me through school," he added. He received his forest technician diploma through the educational program.

The forest sector employs 250,000 people across Canada. Seventeen thousand of them are aboriginal, making forestry the largest employer of aboriginal people in the country. Gage said the industry wants to see that number climb even higher.

"They are in the communities where we are operating, they tend to stay where they are, they want to stay there and they are growing their independent businesses," Gage said.

It's the pride and joy of the community. We used to see a lot of logging trucks go past our community and we weren't getting any direct benefits. Now it's the biggest employer.

PERCY GUICHON
ALEXIS CREEK CHIEF

He said there are 1,400 aboriginal forest companies in Canada.

The Canadian forest sector is facing a human resources crisis in coming years as fewer urbanites opt for careers in the industry. Forest companies are looking to first nations to fill much of that void.

The industry has shed 80,000 jobs since 2001. Gage said that while all of them may not come back, many of them will. "We are going to need to fill those jobs and I think first nations communities are some of the most important places we can tap into just because they are already where our industry is."

"And you are not going to find a group of people that are more committed to sustainable harvesting. They share those values that our industry has been trying to get to for the last decade or so."

Guichon, who is a director in Tsi Del Del, said the company is the largest employer at the Alexis Creek reserve, a community of 300 people.

"It's the pride and joy of the community," the chief said. "We used to see a lot of logging trucks go past our community and we weren't getting any direct benefits. Now it's the biggest employer. The people who work there make a good wage and support their families and there's not a very high turnover rate, which shows that they are proud of their company."

Tsi Del Del has grown beyond the logging side of the business into trucking and forestry. The company has its own forest professionals who do cut-block planning and other aspects of forestry in-house.

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AUCTION CALENDAR

<p>Wed. - Fri. at 10 am BC GOVERNMENT</p> <p>Asset Invest. Recovery Open Monday-Friday Phone: 604-501-8216 8307 - 130th STREET, SURREY, B.C. www.bcauction.ca</p> <p>10 am</p>	<p>Saturday, July 16th KWIK AUCTIONS</p> <p>Giant Pizza Restaurant Coffee Equipment New + Used @ Auction</p> <p>Viva Gelato, Joey's Fish & Chips, Domino's Pizza Equip + more</p> <p>See Preview Video at KwikAuctions.com Previewing is 9:00 am to 6:00 pm Friday July 15th, 2011</p> <p>Noon</p>
<p>Saturdays at 10 am ADESA RICHMOND PUBLIC AUCTION</p> <p>Weekly Public Auto Auction! Now Also Every Wed @ 7pm</p> <p>200 Vehicles to choose from Phone: 604-233-7333 16179 Blundell Rd. - Richmond, B.C. www.adesarichmond.ca</p> <p>10am & 7 pm</p>	<p>For more details see the Classified Section #375 of the Saturday Sun.</p> <p>• Also look for the AUCTION DIRECTORY in the NEWS Section of Sunday's Province</p> <p>To advertise your auction, call Roz at 604-605-2771</p> <p>For more details see the Classified Section #375 of the Saturday Sun.</p>

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