

UDI's Fraser Valley forecast

DYNAMIC, CHANGING, AFFORDABLE

» by **SUSAN M BOYCE**



Evolve in Surrey City Centre showcases compact, flexible micro-suites.

It was a lively gathering on June 18th, 2015, when the Urban Development Institute (UDI) presented their annual Fraser Valley Forecast panel in Surrey. Moderator Bob Ransford, senior consultant with Counterpoint Communications, set the tone early saying he believes too much of the public discussion around housing has been overly “Vancouver-centric.”

The reality, he noted, is a surprise to many — over 35 per cent of Metro Vancouver’s population now live south of the Fraser River or east of the Pitt River. And while Vancouver’s population has grown an average of 1.13 per cent per year for the past three years, many Fraser Valley municipalities are far outpacing that number — the Township of Langley, for example, experienced a 2.57 per cent average population growth during the same time frame.

Yes, Virginia, there is a thriving real estate market outside the city limits of Vancouver.

MARKET SIZZLE

Scott Brown, president of Fifth Avenue Real Estate Marketing Ltd., received a round of spontaneous applause when he suggested this year’s theme song for Fraser Valley real estate could be a twist on a well-known Pussycat Dolls tune — Don’t you wish your market was hot like ours?

Not surprisingly, Brown cited price as a significant attraction. “In downtown Vancouver, high rise apartments are selling for \$660 to \$760 per square foot — in Surrey, it’s \$440 to \$480 per square foot.”

But he cautioned that the true competition for a two-bedroom condo in the Fraser Valley isn’t another condos, it’s the proliferation of smartly priced, two- and three-bedroom townhomes. First time buyers, he stressed, will justify the stretch between paying \$289,000 for a mid-sized apartment or \$310,000 for a three-bedroom townhouse — a townhouse they can stay in for seven or eight years even if their family grows.

He believes successful apartment developments need a unique value proposition and two clear marketing strategies — one targeted to Boomers, the other to Millennials. “For example, The Ridge at Bose Farms is the only heritage development in the Fraser Valley. So the Millennials say ‘hey that’s cool, I’m buying a piece of history’ and the Boomers say ‘I remember when’ and think about the nostalgia of buying there.”

HERE COME THE MILLENNIALS

Like many industry experts, Don Campbell, senior analyst of the Real Estate Investment Network (REIN), believes it’s time for developers to sit up and take notice of the new wave of Millennials who are just beginning to enter the real estate market. Accounting for 27 per cent of the population, this group is now the same size as Boomers — and expanding rapidly.

However, Millennials have a radically different outlook on life and certainly don’t have the same attachment to owning a home as previous generations. “Boomers wanted to get out of the house,” Campbell said. “By the time they were in their mid- to late-20s, only 28 per cent still lived in their parental home. Gen X — 31 per cent were still at home, but Gen Y? They’re not moving... 51 per cent still live at home.”

Brown agreed. “My parents and grandparent made sacrifices because the Holy Grail was to own your home — we’re



Ridge at Bose Farms



Wave

not going out for dinner but we own a house. Millennials say no — they want life and a home, and if that means it's a smaller home, that's okay."

Many are even forgoing the traditional Boomer's rite of passage and not getting a driver's license — relying instead on transit, cycling, or other alternatives. "Proximity to transportation is a game changer," Campbell said, adding his research suggests a location within 800 feet of transit adds 13-15 per cent to the sale price and 16-17 per cent to rental rates.

Millennials also want proximity to social areas — parks, coffee shops, and other gathering spaces where they can hang out with their friends and their laptops and get work done. The traditional nine-to-five job is an alien concept to this demographic, and most will hold one or more part time jobs.

Campbell's advice on how to attract Millennial buyers? Add some cost-effective luxuries and plenty of technology. "Make it look good, make it soundproof and have lots of cool buttons."

A MATTER OF SIZE

Both Campbell and Brown touched briefly on the emerging trend toward micro suites of the type most recently launched at Evolve in Surrey City Centre. Campbell worried that while Millennials may find these homes perfect for their minimalist, often transient lifestyle, when they do decide to sell, there's no buyer group coming up behind to purchase.

However, Brown suggested these units could remain popular if they're built close to education, transit, or future services for

TOP: The Ridge at Bose Farms' restored barn and preserved forest offer Boomers the nostalgia of history and Millennials a unique opportunity to live in a true heritage setting.

RIGHT: Wave is one of the high rise properties that will be home to the almost 10,000 new residents coming to Surrey City Centre in the next three to five years.



Rooftop decks at Exchange in Langley appeal to Millennials who don't want the traditional white picket fence.

seniors. "In the future, some seniors may accept the smaller suites close to amenities like hospitals because can't wrap head around renting or simply because they're done with the hassle of a larger home."

STEADY MONEY

Good news for homebuyers, both Bryan Yu, Central 1 Credit Union's BC regional economist, and CMHC's senior market analyst Robin Adamache, predicted interest rates will remain stable for the remainder of the year and well into 2016. Housing starts are expected to rise by 5 per cent in 2015, and sales are stronger than 2014 with single-family houses dominating 60 per cent of the Fraser Valley market.

For more information about UDI and all things real estate oriented, visit udi.bc.ca.