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HD An influx of migrants boosts Victoria sales
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Best May market in years as investors, first-timers and Albertans find reasons to buy

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Not all Canadians and global job seekers consider Vancouver the most desirable city for laying down their roots.

Vancouver may get the most attention, but for an increasing number, Victoria is the star attraction. It's got better weather, more affordable housing, an increasingly vibrant restaurant and microbrewery scene, more than 200 kilometre of biking trails, and a growing job market, especially if you're in the technology sector.

"Victoria has had 12 months in a row where sales have increased over the year before," says Guy Crozier, president elect for the Victoria Real Estate Board. "That's the first time we've seen that in I don't know how many years."

Last month, Greater Victoria real estate sales peaked to a level not seen since 2010, with 714 properties sold. That's an 8-per-cent increase over May, 2013. The Board counted 19 houses that sold for more than \$1-million last month and, at the opposite end of the market, 29 houses that sold for less than \$350,000.

For Victoria, with a population of 344,000, the numbers are significant, and attributable mostly to interprovincial migration. International buyers are starting to sniff around, but mostly the growth is a result of buyers from the western provinces, particularly Albertans.

"If you've been to Toronto or other parts of Canada, you can see why people would want to move here," says Mr. Crozier. "We get most pressure on our market from other parts of Canada, but from other parts of the world too. This month alone, we sold a condo to some people from Bali, and they hadn't even seen it. We continue to do deals with people who aren't here, but who plan on being here at some point in time."

Tony Zarsadias is a former professional road cyclist turned condo marketer who settled in Victoria 15 years ago to raise a family. He works with the Condo Group, marketing the new 133-unit, five-storey Anthem Properties project, the Union. The downtown condo market is doing brisk business again, after it stalled for the past few years, following the downturn of 2008 and early 2009. The Union is a downtown heritage conversion that is already more than half sold, with prices ranging from \$219,900 for a 490-square-foot junior one bedroom to \$558,900 for a 1,300-square-foot two-bedroom loft.

Mr. Zarsadias says he can divide the buyers into four groups. There are the first-time buyers, the downsizers, the people looking for a secondary residence, and the investors.

"There is quite a bit of money flowing from the mainland, and Alberta and Saskatchewan as well," says Mr. Zarsadias. "Albertans have done well and they have money. They see the value here. Our market

is relatively affordable compared to the big centres. And we've had one of the best years for weather that I've seen in the last 15 years."

Considering that most of the country saw one of the worst winters yet last year, it's small wonder that we're seeing migration to the country's most temperate city.

It's a natural that buyers who are retired or approaching retirement would **buy** in Victoria. As well, some older buyers are investing in a condo that their kid can use while attending University of Victoria, which has a reputation as one of the best universities in the country.

But Mr. Zarsadias is seeing a lot of younger people investing in a place for down the road. This **group** is squirrelling away money in a condo, with plans to one day live there. That's a different condo buyer than the one in Vancouver, who is often investing without any plans to become the end user. As well, the Victoria condo developments **purchased** for investment are routinely rented out. They don't sit empty.

"The investors here will look at a development and say, 'I have always wanted to live here, not sure when, but I like this part of town,' and they'll scoop up a unit," says Mr. Zarsadias. "And the Union, for example, has very favourable rules for rentals, so they'll be able to rent it out in the meantime."

Victoria's market is different from Vancouver's in that it's far more stable, says the Real **Estate Board's** Denise Hogue.

"It's not crazy. In terms of values, the year over year is about 1 per cent for single-family homes. That's really slow growth, but that's nice for buyers and sellers."

Jason Manning, a 39-year-old radio programmer, has recently relocated to Winnipeg for work. However, he's not giving up his townhouse, located in the city of Langford, a short drive to downtown Victoria. A lot of new single-family detached housing construction is taking place in areas like Langford, which means the extra inventory has softened prices.

Mr. Manning bought in 2010, at the top of the market, and he can't sell his townhouse for what he paid, he says. But the chief reason he chose to rent it out instead of selling is because he plans on returning one day.

"The **property** taxes are really good, and it's a growing community. And I want to be able to have something down the road, when I decide to move back to B.C.," he says. "I want to stay in the market, because I look at friends in Vancouver with \$1-million mortgages, and I think, 'For what?'"

"With mortgage rates what they are right now, my townhouse is a good deal. And to me, Victoria is always going to be in demand.."

On a side note, in 2004, the city of Langford partnered with the Canada Mortgage and Housing Corp. to find a novel way to address the affordability issue. For every 10 single-family lots that are subdivided, it requires developers to build one affordable home, priced at 60 per cent of market value. The city also requires new developments to be built to code for secondary suites, to increase density and add income diversity to the community.

To its advantage, Victoria isn't enduring the crushing pressure of the global-buyer market that's looking to **park** money, a phenomenon that's causing affordability upheaval in Vancouver, Sydney, Australia, and London. Global buyers in Victoria tend to come for jobs, drawn to the city because of its growing technology sector. It's a little known fact that the tech industry is Victoria's biggest employment sector and it's drawing a young work force from around Canada and beyond, says Dan Gunn, executive director of Victoria Advanced Technology Council, the association that represents the industry.

"Tech has been the No. 1 industry in Victoria for almost a decade now, though it's not widely known. And it's grown quite a bit recently," says Mr. Gunn. "It's taken time for the word to get out. We have close to 850 tech companies here right now – a lot of them are doing \$30- to \$50-million in revenues a year, and they compete in niche markets on a global basis."

Job growth has been generated by 10 federal research labs, strong ocean sciences and marine tech industry, a growing digital industry and gaming sector, and a post-secondary population of about 36,000, says Mr. Gunn.

"We have half the rain of Vancouver, shorter commutes and cheaper real **estate**. Innovative, entrepreneurial people are drawn to a place like this."

He says 15,000 people are working directly for the tech industry and another 5,000 are working for companies indirectly related. A lot of those workers will be looking for a lifestyle that is both urban and outdoorsy.

"They are typically looking for walkability, nightlife and culture," he says. "Your average intermediate tech worker is making upwards of \$80,000, so you are seeing individuals making more than some households in the region, and that's continuing to grow. If you're talented, you are going to make a good living here.

"Both our **commercial** and **residential** real **estate** market are benefiting substantially."

Mr. Gunn says workers have relocated from Russia, South Africa, **China** and Australia to meet demand. He says there are currently 70 job vacancies on his job **board** at the moment. More tech workers come from Europe than the U.S. because they tend to do more research about the region.

"A lot of people outside of the Pacific Northwest think that because Victoria is on Vancouver **Island**, it must mean it's on [something the size of] Granville **Island**. They don't realize it's on an **island** the size of Belgium."

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