

Housing sales boom in resource-rich northern B.C.

REAL ESTATE | The value of sales shot up 51 per cent to \$91 million in a year

BY DERRICK PENNER
VANCOUVER SUN

Real estate markets in British Columbia's resource-rich North are continuing to boom with rocketing sales and prices, which defy the slowing trend across the rest of the province.

The B.C. Northern Real Estate Board saw a 29.5-per-cent jump in Multiple-Listing-Service-recorded sales during October compared with a year ago, the B.C. Real Estate Association reported Friday.

The value of those sales also shot up 50.5 per cent to \$91 million compared with \$60.5 million a year ago.

The North's 523 transactions in October represent only seven per cent of the 7,196 sales across B.C., but Northern Board president Ted Shepherd said the dramatic rise reflects the optimism of communities witnessing a resurgence of forestry, oil and gas

drilling, mining and port construction in Prince Rupert.

"You have to realize, when the boom started down south, the North was still lagging behind," Shepherd said.

Shepherd added that in Prince Rupert, where he works as a realtor, prices declined from 1999 to the spring of 2005.

"So the increase [in sales and prices] is a recent thing," he added. "We're just playing catch up."

Buyers in the newly resurgent North include investors from bigger cities, Shepherd said, but improved economic prospects are also drawing regional expatriates back home and spurring northerners to buy recreational property.

The B.C. Northern Real Estate Board stretches from Prince Rupert through Prince George to the Alberta border including Fort St. John and Fort Nelson, but excluding Dawson Creek.

Cameron Muir, chief economist for the B.C. Real Estate Association, said there is typically a lag between the rise in demand and growth in supply to satisfy it.

In the meantime, buyers, especially people moving into the markets, bid up prices to make sure they can secure

Boom echoes in North

B.C.'s North saw a spike in October real estate sales, running counter to a province-wide dip in sales.

	Unit sales	Change
B.C. Northern Real Estate Board	523	+29.5%
Greater Vancouver	2,801	-8.6%
Fraser Valley	1,193	-29.4
Okanagan Mainline	583	-3%
Victoria	555	+2.97%
TOTAL	7,196	-11.3%

Provincial average price in October:
\$410,728 +20% from Oct. 2005

Source: B.C. Real Estate Association

homes.

"It's been a few years since we've been able to look at the North as the [top growth market] in the province," Muir said. "And that's a result of those factors in their regional economy around resources."

'Carriage trade' homes trading up

BY DERRICK PENNER
VANCOUVER SUN

REAL ESTATE | In Vancouver, general enthusiasm for playing in the real estate market has cooled, but not for the upper crust, according to Royal LePage Real Estate.

While Greater Vancouver has witnessed sliding sales figures for the last several months, transactions valued at more than \$1 million are up just over 57 per cent for the first nine months of 2006.

That's the price barrier Royal LePage uses to define the rarified air of the "luxury market," or "carriage trade." (And Royal LePage just happens to have a division under the Carriage Trade banner.)

In total, 1,935 Greater Vancouver homes traded hands for \$1 million or more between January and October, compared with 1,231 for the same period a year ago.

The buyers, Royal LePage CEO Phil Soper said, are typically baby boomers who have accumulated a lot of wealth, and are eager to throw it around on real estate.

"These people have disposable income, [real estate] is something they trust, and they continue to invest in it," Soper added.

This top segment of the market, Soper said, is different from the other segments and is driven by its own set of variables.

Whereas the entry-level market is more attuned to unemployment rates and the rate of income growth, the luxury set follows stock markets and investment growth, Soper added.

"The equity markets and stock markets have appreciated nicely this year, as long as you don't have everything in income trusts," Soper said.

However, Tsur Somerville, director of the centre for urban economics at the Sauder School of Business at the Uni-



Sales of homes worth \$1 million or more have risen 57 per cent this year.

versity of B.C., said it is questionable whether the \$1-million mark really captures the luxury market in Vancouver.

"Almost every single-family home west of Oak Street falls into that category," Somerville said, and not just mansions found in the suburbs.

For a lot of Vancouver, the \$1-million threshold captures more of the upper-middle-class market than the luxury component.

"[So] it's not necessarily clear to me that, because of the nature of our market, if you're defining luxury as \$1 million, you can make the same conclusions than you might in another market."

Vancouver isn't the hottest high-end market. In oil-fuelled Calgary and Edmonton, luxury sales more than doubled, 160 per cent and 129 per cent respectively. However, in Edmonton the definition of luxury starts at \$700,000.

Even Halifax saw a mountainous spike of 153 per cent, although \$600,000

is its luxury cutoff, and the difference in transactions is 43 in 2006 versus 17 in 2005.

And other markets saw significant increases in high-end sales. In Montreal, luxury sales were up 32 per cent, in Toronto, sales were up 20 per cent and in Ottawa the rise was 34 per cent.

The rise, according to Royal LePage, has a lot to do with the aspiration of buyers. Besides counting high-end transactions, the real-estate firm also commissioned Maritz Research Canada to conduct a poll on buying intentions.

That poll found that 37 per cent of Canadians 18 or older live in a luxury home, plan to buy one or one day aspire to "live in the lap of luxury."

"The pronounced increase in the number of luxury homes sold across the country is a strong reflection of Canadians' confidence in the economy and the real estate market," Soper said in a news release.

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New-housing construction in the United States has cooled, which will be of concern to northern forest-industry communities, but Muir added that demand in other commodity sectors, such as coal, oil and gas and other minerals, remains strong.

Provincially, however, sales slid by 11 per cent in October to 7,196 units compared with 8,112 in October 2005, the fourth straight month of decline.

A lot of the decline, Muir added, has to do with the average house price rising 20 per cent to \$410,728 in October compared with a year ago.

Overall, Muir said the economy is doing well with solid gross-domestic-product growth, strong employment growth and wage increases that are outpacing inflation. "That underpins the housing market," Muir added.

"The difference now is that we've seen such a run up of prices . . . now, we're reaching the point at which consumers' affordability limits are being reached."

However, as long as interest rates remain relatively low and the economy holds, Muir doesn't believe there will be any significant correction in real estate prices.

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TECH TOYS

Nikon launches entry-level digital model



1 Nikon D40 6.1 megapixel Digital SLR, body only \$649.95; with AF-S DX Nikkor 18-55mm f3.5-5.6 G ED II Lens \$749.95; with AF-S DX Nikkor 18-135mm f3.5-5.6 G IF-ED Lens: \$999.95.

Just in time for the gift-giving season, Nikon is launching its entry-level D40 digital SLR model, aimed at those who heretofore have been reluctant to make the switch from a point-and-shoot. It might only have 6.1 megapixels, but that's likely all most families need, and it does have almost no shutter lag, 2.5 frames-per-second continuous shooting (for as many as 100 shots) as well as a rapid low-light auto focus. You also get the kind of in-camera editing to which point-and-shooters have become accustomed.

SeepuStar DV230 wearable



2 video display, \$250 US, plus \$39 US shipping.

Okay, let's say you have a DVD player — after all, they're cheap as dirt these days — but you don't have that wonderful wide-screen TV to go with it. No problem, says the Australian site (www.22moo.com.au/seepu-star.htm) that is about to unleash the SeepuStar DV230 goggles on the world. Just plug them into anything with a video out and you're set to go with the equivalent of a 35-inch screen in front of your eyes. Oh, and you'll need a lithium battery. And as the oddly written site says "you have even wear the SeepuStar DV230 with prescription glasses."

Panasonic CF-Y5 Toughbook



3 notebook computer, \$2,895.

When it comes to notebook computers we're pretty much all clumsy oafs, with a tendency to injure them or spill hot coffee all over the keyboards. But there is a way around that, at, of course a price. The new Panasonic Y5 Toughbook allows you to pour liquids right on it and have the offending substance come right out the bottom, with no damage (and, yes, we've seen this with our own eyes.) As well, you can apply up to 50 kilograms of weight on it or drop it from 30 centimeters without anything getting hurt. In Western Canada it will be available at London Drugs in the next couple of weeks. Otherwise you have to buy it direct from Panasonic.

SANYO MAJ-R100 ultra compact media system, \$270.



4 Everything is getting smaller and that includes basic media systems — including a CD and MP3 player with speakers and an AM/FM radio — like this one from Sanyo. Its measurements are 170x150x220 millimeters and it has a digital amplifier that gives you 20 watts of continuous output. The speakers are just 100x250x190 millimeters. And, oh yes, it can also act as an alarm clock.

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Redistributing wealth won't end poverty



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The news Friday was full of the latest release by Campaign 2000 declaring that Canada has made no progress on poverty in the last decade and a half. That's in stark contrast to a report issued earlier this month by longtime poverty analyst and Nipissing University economics professor, Christopher Sarlo, who found that by 2004 the poverty rate in Canada was the lowest in history. So what gives?

The differences arise in the definition of poverty and the accompanying measurements. Unfortunately, in this age of headline news, that information never seems to get out.

In a nutshell, the Campaign 2000 group uses a set of measures that focus on comparative income disparities while Prof. Sarlo, who is also an adjunct scholar with the Fraser Institute, focuses on the ability of the individual or family to purchase the basic needs like food, shelter, and clothing.

While a case can be made that one can feel impoverished because their circumstances are less advantaged than those around them, progress is far more difficult when the focus is inequality as opposed to insufficiency, as Sarlo puts it. For example, if everyone in the country suddenly saw their incomes rise tenfold, on a relative basis, the level of poverty would not change using this approach.

My bet is that runs contrary to what most of us think about poverty. I get the feeling that most of us wouldn't consider an individual impoverished simply because he or she owns only one car if the norm is to own two. Forgive me if that sounds too glib, but that's precisely the kind of thing the comparative definition of poverty is measuring. That's why grad students, those working part-time by choice and others who have philosophically rejected the trappings of the rat race are all counted as impoverished in the comparative statistics. It's also why StatsCan consistently warns us not to confuse the low-income cutoff line with the poverty line.

My guess is that virtually all Canadians want all citizens to have the basic necessities of life. That's why homelessness in cities and poor living conditions on some native reserves are of such concern. That's why Cana-

dians as a whole donated \$8.9 billion to charities and non-profit groups in 2004 (the latest year available through StatsCan).

Where I part company with the very sincere advocates of Campaign 2000 is their emphasis on wealth redistribution. I haven't seen any convincing analysis leading to the conclusion that rich people cause poor people, yet that is the implication.

It's simply too superficial to suggest that government intervention is the key to a solution to poverty as some advocates regularly do. One could make a very convincing argument that when it comes to aboriginal poverty, government has been the problem, not the solution.

Given that our governments spend in the neighbourhood of \$8 billion to \$10 billion annually on native issues, it's difficult to argue convincingly that insufficient government money is the problem.

Contrary to the suggestions made by some members of Campaign 2000, the notion that tax cuts somehow undermine efforts to eradicate poverty is without foundation. One look at the numbers confirms that tax cuts are part of the mix for record provincial and federal revenues, but I suggest more needs to be done for the working poor. Why not suspend CPP contributions for those earning less than \$25,000? Why not raise the basic personal exemption significantly to allow low-income workers to keep more of their earnings?

What's needed in the case of aboriginal poverty and the working poor are new approaches — not old ones held hostage by failed ideology. For me, that will be the measure of how much we truly care.

Michael Campbell's *Money Talks* radio show can be heard on CKNW 980 on Saturdays from 8:30 to 10 a.m.