



## Condo fever predicted to spread

Kelowna, Kamloops and Nanaimo likely to see more, CMHC reports

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The Lower Mainland's seeming addiction to condominium living will continue to spread to other desirable regions of the province, Canada Mortgage and Housing Corp. reports in its latest British Columbia forecasts.

While overall housing starts in B.C. are expected to decline from 2006 levels, multiple-unit housing construction this year and next will approach, if not outpace, levels of single-family construction in Kelowna, Kamloops and Nanaimo on Vancouver Island, CMHC regional economist Carol Frketich says, and for a lot of the same reasons.

"It's a combination of cost -- higher land prices do contribute -- but it's also a lifestyle choice," Frketich said in an interview.

Kamloops and Nanaimo are increasing in popularity as alternate retirement destinations, and condominiums require less yard maintenance and upkeep and are more secure when owners want to go on vacation for a couple of months at a time.

However, on cost, Frketich added that keeping housing "at a price that people will buy is the main motivator behind that move to multi-unit starts."

"There is no sense in building housing that people can't buy, and this is a response on the builders' side to bring forward product that people can buy."

In Kamloops, for instance, the average home price will climb 17.2 per cent to \$305,587 in 2007 compared with 2006.

Kamloops multiple-unit housing starts are also expected to jump almost 26 per cent in the city to 250 units, compared with a 6.4-per-cent decline in single-family-home starts to 450 units.

In Nanaimo, where the average price has hit \$314,848 in 2007, up almost eight per cent compared with 2006, multiple-unit housing construction is expected to climb 36 per cent to 375 units.

The single family home will still be the top choice of Nanaimo residents with a forecast 485 to be built in 2007, but that will be almost five per cent fewer than

2006.

And in Kelowna, where the average price has reached \$379,008 in 2007, 16 per cent higher than at the same point in 2006, Frketich said multiple-unit housing construction is set to exceed single-family home building for the third year in a row.

Frketich is forecasting 1,450 new multiple-unit starts in the Okanagan city, up 11.4 per cent from 2006. At the same time, she expects 1,050 single-family homes to be built, a 6.4-per-cent decline.

Provincewide, CMHC's spring forecast is little changed from its fall 2006 expectations, though Frketich said that as 2007 unfolds, B.C.'s employment picture is stronger than she predicted it would be last October.

Frketich is forecasting 34,700 total new-home starts in 2007, a 4.8-per-cent decline from 2006. In 2008, 32,300 new-home-starts, another 6.9-per-cent drop.

Frketich said she expects mortgage rates to edge up in 2008. Rates will remain historically low, but she expects they will put a dent in housing resales, which will spill over into less demand for new homes.

She added that for the past few years, B.C. has been building new housing faster than its population growth warrants. And as employment growth slows, Frketich expects new housing construction to remain at a still relatively high 30,000 units per year over the next five years.

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## BUILDING WILL TAKE A BREAK

The Canadian Mortgage and Housing Corp. estimates declining housing starts for the province this year and next.

Below are CMHC's forecasts for both 2007 and 2008, with percentage change from the year previous:

2007 / 2008

34,700 (-4.8%) B.C. 32,300 (-6.9%)

19,000 (+1.6%) Vancouver 18,500 (-2.6%)

2,285 (-16.6%) Victoria 1,940 (-15.1%)

1,260 (+4.4%) Abbotsford 1,200 (-4.8%)

2,500 (-7.1%) Kelowna 2,200 (-12%)

700 (+2.9%) Kamloops 650 (-7.1%)

860 (+9.6%) Nanaimo 800 (-7%)

370 (+15.6%) Prince George 325 (-12.2%)

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