

Business Edge

BRITISH COLUMBIA BUSINESS NEWS - WITH AN EDGE

Alberta buyers driving B.C. resort demand Recreational real estate brisk in Okanagan Valley Business Edge

Published: 09/01/2006 - Vol. 6, No. 18

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Alberta's strong economy is fuelling new high-priced recreational real estate projects in the Okanagan Valley and throughout B.C., say developers, marketers and realtors.

LakeStone, a recently announced \$1.4-billion housing, hotel and Robert Trent Jones Jr.-designed golf course development in Kelowna, to be built over the next 10-15 years, has joined a growing list of projects that target Albertans who have capitalized on the strong oil and gas industry.

Many Albertans are buying Okanagan real estate for recreational or investment purposes now and living in them later, while Alberta-based developers are also spearheading some of the projects.

The brisk Okanagan activity is occurring even though the local real estate board's figures show housing sales in the picturesque valley halfway between Calgary and Vancouver have declined lately as prices rise.

"I think (Alberta's influence on B.C. real estate development) is very substantial," says John Murphy, president and CEO of Vancouver-based 20/20 Group Inc., which is developing LakeStone.

"If you look at the long-term (economic) prospects within Alberta, it's the engine of the West."

Billed as the largest residential resort development in Okanagan history, LakeStone is located near Kelowna in the community of Okanagan Centre within the district of Lake Country. The 500-acre lakefront project, slated to begin this fall, will contain 1,300 vineyard-themed residences ranging from \$550,000 to \$1.8 million per unit, along with a marina and valet boat service, shops, restaurants and, possibly, a winery.

Other major Okanagan housing developments wooing Alberta include the new Black Mountain Golf Community, Centuria Urban Village, Bellasera and Westin condo hotel sites in Kelowna; the Predator Ridge expansion and new Rise and Strand in Vernon; Watermark Beach Resort in Osoyoos; Mt. Baldy ski resort by Oliver; and the Lakeshore Gardens condo complex in Peachland.

Murphy says 20/20 is also developing an undisclosed B.C. housing project on an existing ski hill, located "within minutes of a major airport" - which suggests it is near Kelowna.

Realtors and developers say increasing home equity, Baby Boomers' family inheritances and Alberta's economic growth are creating unprecedented demand.

Murphy says five per cent of people who want to own resort properties during their retirement have actually purchased one. "It's really the beginning of the demand curve for resort property (in Canada and the rest of North America)," he adds.

Geri Surinak, president of the Okanagan Mainline Real Estate Board, says Albertans' interest in the region is "directly related" to the Wild Rose province's strong economy.

"We're definitely gearing our advertising dollars that way," says Surinak, a property manager and realtor with Kelowna-based Coldwell Bankers Horizon Realty.

Lifestyle is the major marketing theme, she says, as developers and realtors promote the region's beautiful scenery, water, mountains and year-round warm weather.

"I start my advertising in Alberta in winter," says Surinak. "The weather is cold and it helps get them through the winter knowing they can move to the Okanagan."

But her board is concerned the region is becoming unaffordable for first-time buyers, and she's calling for the City of Kelowna and surrounding local governments to allow in-law suites that would create more affordable housing - and to ensure smoke detectors and other safety measures are installed in illegal suites that are "flying under the radar."

Despite the apparent high demand, year-to-date sales in the central Okanagan, which includes Kelowna and is the most active sub-market, dropped 3.1 per cent to 3,519 by July 31 from 3,650 last year, according to the real estate board. However, the total value of central Okanagan sales jumped 16.4 per cent to \$1.18 billion from \$1.01 billion a year ago.

North Okanagan and Shuswap sales also dipped. But sales values in those areas rose 16.8 per cent and 39.2 per cent, respectively, reaching \$453 million in the north Okanagan and \$214 million in the Shuswap, where new projects include the Lofts in Sicamous and nearby Narrows. Both projects are geared largely toward Albertans.

Surinak says a recent decline in sales activity was actually a "good thing," because Kelowna's construction industry almost had more work than it could handle.

Mark Jennings-Bates, a Kelowna-based project marketer and realtor who operates BCResortHomes.com, says several B.C. and Alberta developers are doing due diligence on future projects in the Okanagan.

Smaller companies are pooling their funds, forming syndicates and then joint-venturing with project managers.

One possible new project is a winery by Calgary developer James Angrove in the tiny village of Naramata, located directly across Lake Okanagan from Penticton.

"The majority of our personal database at B.C. Resort Homes is a Calgary-based database," says Jennings-Bates, who also works out of Coldwell Bankers Horizon.

Jennings-Bates moved to the Okanagan from Canmore four years ago because of Albertans' growing interest in the sunny B.C. region. He says the biggest challenge for developers will be finding a large group of tradespeople to work with them.

George Hare, president of Residential and Recreational Project Marketing (RPM) Inc., which is marketing LakeStone, says his Vancouver-based firm is selling projects throughout B.C. that target Albertans.

"We're finding that the buyer from Alberta is coming as far as Vancouver Island," says Hare. "(Albertans) are coming to the Gulf Islands, they're coming to the Sunshine Coast - although they don't know where it is, so there's a bit of a branding exercise there.

"They are also heavily, heavily in the Okanagan."

Hare added he realized Albertans' high level of interest in B.C. properties last year when his firm hosted a presentation on Parksville's Beach Club at Calgary's Westin Hotel. Organizers set up chairs for 50 people but more than 100 showed up.

"They all want a little piece of British Columbia," he says.

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