

Recreational Real Estate

INVESTMENT OPPORTUNITIES IN WESTERN CANADA • 2007

Boomers, Albertans drive white-hot demand for B.C. vacation property

SUSAN M. BOYCE/FRANK O'BRIEN

WESTERN INVESTOR

From Vancouver Island to the Kootenays, unprecedented demand for recreational property has led to startling price increases and some innovative retirement concepts.

"British Columbia is at the leading edge of the baby boomer bubble," said developer **David Sorenson**. "We have buyers coming from across Canada and around the world."

And they are coming well-heeled, indicative of the most affluent retiree generation in history.

This year, **Sorenson Fine Homes** began marketing the master-planned strata-titled **King Edward Bay**, a 48-lot upscale recreational project on Bowen Island, just off the coast of West Vancouver, where waterfront lots start at \$1.2 million and in-the-forest lots are in the \$400,000-\$500,000 range. "We sold 21 lots since January," Sorenson said. He explained many of the buyers are pre-retirees, planning on securing a retirement home or investment before they hit 65.

"At least two of our buyers are speculators, I am proud to say," Sorenson said. The older buyers don't want large homes, said Sorenson, whose company is the exclusive builder, but they do demand luxury.

Sorenson has seen similar action with its waterfront lot development, **Patricia Bay** in North Saanich on Vancouver Island, with the exception that many of the buyers are from Alberta. At Patricia Bay, six of 15 lots have sold with prices in the \$400,000 range.

Ross McKeever, a real estate broker with **Colliers International**, Victoria, agrees that "the boomers are driving the market. They are all looking for these recreational activities."

McGeever noted it is local developers who are cashing in on the boomer boom. The **Limona Group**, for instance quickly sold out a 75-lot waterfront development on Cowichan Lake north of Victoria. At Mount Washington ski resort, a first phase of building lots sold out at \$90,000, and the second phase, now coming on stream, will start at \$115,000.

In the Comox Valley, which now offers direct **WestJet** flights to both Calgary and Edmonton, lot values have increased 23 per cent in the past year and condominium prices have shot up 40 per cent.

Okanagan

If you think the Island properties are in demand, take a look at the Okanagan.

Recreational real estate in the Okanagan is white hot and developers are responding with increasingly upscale alternatives to the traditional "weekend cottage."

According to data from **Landcor Data Corporation**, average sale prices across the Okanagan rose 13.9 per cent between 2004 and 2005, 22.5 per cent from 2005 to 2006, and have already jumped 11.1 per cent in just the

first three months of 2007.

Most industry insiders predict this upward pressure on the bottom line will continue. "I don't believe prices are anywhere near topping out yet," says **Randy Shier**, principal of Kelowna-based **Mission Group**. "As the eyes of the world continue to focus here, demand – and prices – is unlikely to do anything but increase." He cites the Mission Group's recently launched **Sheerwater** project, a 70-acre subdivision on Lake Okanagan, where two- to five-acre lots are commanding prices as high as \$2 million.

But when an offering is right, investors are clearly far from shy about handing over the dough. At Vernon's **Silver Star**, all 49 building lots in the new **Alpine Meadows** neighbour-



ABOVE: Waterfront cottage at Patricia Bay, North Saanich, by Sorenson Fine Homes: luxury vacation homes high on boomers' wish list. LEFT: Plaza at 70-acre Sheerwater on Lake Okanagan: More than a dozen million-dollar-plus building lots have sold this year.

hood were snapped up within three hours of coming on the market at prices ranging from \$220,000 to \$440,000.

Feathertop, **Big White's** newest ski-in/ski-out real estate development, near Kelowna, sold out its entire first phase of 17 chalet homesites, with a combined value of more than \$5 million, minutes after they went on sale.

And last fall, **Watermark Beach Resort** in Osoyoos had buyers for 70 per cent of the 153 suites by end of opening day, thus generating some \$75 million of revenue.

Savvy developers are now also tapping into another aspect of the Okanagan – B.C.'s burgeoning, world-class wine industry.

The **Osoyoos Indian Band** has introduced the **Spirit Ridge Vineyard Resort and Spa** as an extension of their award-winning **Nk'Mip Winery**. The band incorporated all the amenities the Okanagan is famous for – golf, outdoor sports, spa, fine dining and a cultural centre. Vancouver-based development giant **Concord Pacific** is taking note.

Concord's **Greta Ranch** master planned community, set amid the Greta Ranch Vineyard (part of the well established **Cedar Creek Winery**) gives buyers an opportunity of vacationing inside a working winery.



ABOVE: Waterfront cottage at Patricia Bay, North Saanich, by Sorenson Fine Homes: luxury vacation homes high on boomers' wish list. LEFT: Plaza at 70-acre Sheerwater on Lake Okanagan: More than a dozen million-dollar-plus building lots have sold this year.

a completely new type of product, one that's in its infancy." He predicts the appeal of combining a lock-and-go lifestyle with the allure of a waterfront vineyard will make this a solid investment option.

After bringing a series of successful projects to market, including the \$65 million **Sundance Resort** at **Big White**, **Jim Hammond**, director of new development at

Legend Resorts, is about to take this innovative new style of "vintage" offering one step further. **Veranda Beach** is a 280-acre master planned resort village located on the shores of Lake Osoyoos and boasting a full mile and a quarter of pristine, sandy beach. A feasibility study is underway for the addition of an 18-hole golf course, and boutique winery.

What makes this development unique is its location directly opposite Osoyoos in Oroville, Washington, where property values remain significantly lower.

"You will be able purchase a beachfront villa for just over US\$900,000 at Veranda Beach," said **Ian MacLeod**, CEO of **LandLaunch**, the company marketing the project. "The same property in Kelowna would easily cost \$2 million – and you'd probably never find one on a beach like this. Jim had the vision to look across the lake and say: That is unique and

Matt Meehan, beautiful and I can do something with that. The value proposition it represents is incredible."

Still high on the radar for many is the combination of recreational property and golf. And the multi-phase, multi-award-winning **Predator Ridge** in Vernon remains clearly established as a destination of choice in this category.

"There is a consistent demand from places like Alberta, Europe, England and Australia," says **Lisa Corcoran**, director of marketing, adding that the recently announced \$8 million runway extension to the Kelowna airport, with direct flights to Sydney and Frankfurt, will make this even more popular with the international jet set.

Only a sixth of the way through development toward a final count of approximately 1,800 residences of varying types, **Predator Ridge** saw the first phase of **Osprey Coach Homes** sell out in an hour, with prices starting at more than half a million dollars.

"But it's important to remember that here in B.C. and in the Okanagan in particular, we are still considered a very affordable place to purchase when you compare it to the world scale," Corcoran stresses. ♦

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