



MLA MARKET MEET-UP

THE RISE OF RURAL MARKETS IN BC

EXECUTIVE SUMMARY: LIVE WEBINAR HOSTED ON OCTOBER 15, 2021

2021 continues to shake the foundation of market activity, with record-breaking months, not only in the traditional Vancouver urban market, but also BC's rural areas like Whistler, Okanagan, Fraser Valley, and Vancouver Island. On Friday, October 15th MLA Canada had the pleasure of hosting industry leaders across British Columbia to discuss what is going on in these secondary markets. We discussed opportunities, threats, and where we see demand being driven over the long-term. Below is a breakdown of some of the key themes and insights discussed.

FRASER VALLEY – CAMERON MCNEILL, MLA CANADA, EXECUTIVE DIRECTOR

IMMIGRATION

In the years ahead, 70-80k new residents are expected to immigrate to British Columbia annually. While this is likely to drive demand in markets across the Lower Mainland, the Fraser Valley is likely well positioned to benefit from its position as an affordable community.

ECONOMIC GROWTH

Historically those that have lived in the Fraser Valley have commuted across the Fraser for work. As markets such as Surrey and Langley continue to establish their regional economies, we expect a shift in where people work. Not only will people be able to work remotely from their home in the Fraser Valley, but there is also growing opportunity for businesses to relocate their offices within the Fraser Valley's commercial hubs.

VALUE APPRECIATION

Purchasers in the Fraser Valley have seen strong appreciation in home values, this is likely to drive purchaser decisions over the short-term.

DENSITY AND SUPPLY

As the Fraser Valley grows new opportunities are being created within its submarkets. The future skytrain and densification of Langley is driving demand for concrete product in the City of Langley. Reframing what density looks like in the Fraser Valley is a key opportunity to help address the ever growing supply gap currently being experienced in the Lower Mainland.

KELOWNA – TAYLOR MUSSEAU, MLA CANADA, DIRECTOR OF SALES (OKANAGAN)

NATIONAL MIGRATION

Kelowna has seen strong demand not only from the Lower Mainland but across Canada. Its international airport gives it a larger purchaser pool otherwise available to other submarkets in the Okanagan. In previous years we may have seen 3-5% of purchasers from the East Coast in the Okanagan. Today that number is as high as 25%-30%.

STRONG ABSORPTION

"Absorption rates in March in Kelowna were 99.6%" – were seeing incredible turnover of inventory. Low inventory has made purchasing a home in Kelowna more challenging. This has led purchasers to look at alternatives and has driven demand for presale developments. With little room to grow out, Kelowna has strategically chosen to grow its urban centre. This too has led to an increase in presale condominium developments. Given that Kelowna is one of BC's fastest growing communities, and presale developments such as Caban are effectively selling out in a matter of days, demand for concrete presale demand is likely to continue over the long-term.

PENTICTON – STEVE THOMPSON, OWNER, TEAM THOMPSON REALTY GROUP

NEW VALUE FORMULA FUELS GROWTH AND DEMOGRAPHIC SHIFTS

Demand in Penticton and the South Okanagan has been driven by people living from the Lower Mainland hoping to work remotely. Penticton has historically been a retirement community, but with the onset of the pandemic, there has been shifts in demographics, with demand primarily being driven by from young families looking to raise their family in the Okanagan.

PRODUCT DIVERSIFICATION

While the new demographic shift has primarily driven demand in single-detached product, condominium and townhome product has similarly seen strong interest within this market.

VALUE RETENTION

Like Kelowna, Penticton is restricted in its developable land – this restriction in potential supply is expected to keep prices elevated over the long-term.

VICTORIA – JESSICA RUSSEL, MLA CANADA, REGIONAL SALES MANAGER (VICTORIA)

TOP TIER DEVELOPERS EYING UP VANCOUVER ISLAND

Established developers in Metro Vancouver are turning their sights to Vancouver Island which has experienced incredible growth over the past 3-4 years.

INVESTORS HAVE ARRIVED IN VICTORIA

Presale purchasers have historically been end users such as downsizers and first-time homebuyers. In recent months, developments such as Belmont Reunion have seen an influx in investors who are looking to capitalize on Victoria's burgeoning communities.

GENERATIONAL WEALTH FUELING DEMAND

Parents have been able to use the equity in their home to help their kids enter the housing market, driving demand in especially in Westshore communities where they can get more for their money.

WHISTLER – MAGGI THRONHILL, ENGEL & VOLKERS SEA TO SKY OFFICE, PARTNER

WEALTH AND THE RETURN OF LUXURY PRODUCT DEMAND

After the downturn caused by the pandemic in early 2020, the global economy has since seen a resurgence that has created incredible wealth creation globally. That is now likely to drive demand in Whistler's most premium homes from both international and local buyers from Greater Vancouver. Single-detached housing in the \$5M-\$20M range are likely to see the greatest demand over the short term.

NO NEW SUPPLY

Little is actively being developed in Whistler, most new supply is replacing the existing homes without creating additional density.

SINGLE-DETACHED MARKET DEMAND

Over the past year, Whistler has seen strong growth in its single-detached market, which makes up most of the product traded in its market.

NEW VALUE FORMULA PENETRATES SEA TO SKY

Restrictions related to Covid-19 and the growing popularity of work-from-home has increased the amount of people choosing to live in Whistler year-round. What's critical for Whistler is that it is only an hour and a half from a major urban centre, giving it the opportunity to offer its residents world-class recreation while staying connected to the benefits of living in a metropolitan area.



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