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## **Metro Vancouver faces low-rise condo risk; lease agreement changes help secure native land development deals**

**By Peter Mitham**

### **Under the radar**

The supply of highrise condos has been the favourite bête noire among housing observers, given the visible presence they have on the skyline and the significant impact they can have within a small area.

But in recent conversations, veteran analyst Frank Schliewinsky of Vancouver real estate consulting firm G-Force Group has pointed out that low-rise units might be a greater threat to the market.

Citing figures to the end of May from market research firm MPC Intelligence Inc., Schliewinsky noted there are more than 7,000 highrise condo units being marketed in Metro Vancouver, or the equivalent of more than a year's supply.

Meanwhile, there are 5,475 low-rise condos sitting unsold or yet to be released in projects now selling. And with absorption of low-rise units averaging 200 a month, Schliewinsky thinks that's a problem.

"We're looking at closer to 26 months of sales in terms of unsold low-rise inventory," he said. "Sales are basically going soft, down a little bit from what they were, [and] inventory is shooting up."

Combined with a lack of appetite among investors – especially foreign investors – for low-rise product in areas such as Surrey, Schliewinsky said low-rise units pose a significant risk to the Metro Vancouver market.

"The focus of the concerns of the Bank of Canada and some of the other economists has been the highrise market. In fact, it could be the low-rise market that's in much more danger of being oversupplied."

Schliewinsky added that many developers will take note, scaling back marketing that results in up to 10,000 units offered to the market in the next 12 months. But he doesn't expect everyone to take note.

"It's a hard market to turn around. Even after there's an evident downturn, the product will still be coming on the market for the next six, 12, 18 months."