

ONLINE
FOLLOW THE
CANUCKS ONLINE



THE VANCOUVER SUN



IN SUN BUSINESS
20 LEAST
STRESSFUL
JOBS

Okanagan a bargain, but it won't last long

Region was hit hard by the 2008 recession, with condo prices still down 21 per cent

May 21, 2011 – Alison Appelbe

If you're on the lookout for a bargain property, the Okanagan may be your best bet. But be quick. Because the real-estate scene in this hugely varied destination — from Shuswap Lake in the north, through the major ski resorts and urban Kelowna, to the lakefronts and vineyards of the Central Okanagan and south to desert-dry Osoyoos — is on the mend.



While the Okanagan remains, for the moment, a buyer's market, the prices for every type of property are creeping back up and the inventory is dissipating. At the same time, the market is maturing — or changing.

Rather than solely eyeing short-term vacations, some condo-purchasers have retirement in mind. Extended families are pooling their resources for, maybe, a ski chalet. Increasingly, purchasers are Western Canadians, rather than Americans and other outsiders. The Okanagan was badly hit by the 2008 recession, and by the summer of 2009, prices were in free fall. Recreational and regular properties were discounted by 30 per cent and more, foreclosures were not uncommon, and some construction came to a halt.

Today, says Gary August, longtime realtor and co-owner of Coldwell Banker Horizon Realty in Kelowna, the market is improving.

Comparing the first four months of 2008 with the first four months of this year, prices are down 21 per cent for condos; between seven and 8.5 per cent for single-family and town houses; and by 14.5 per cent for lakeside homes costing \$ 2 million or more.

According to statistics from August, that puts the median price for a condo today at \$ 213,000, a town house at \$ 330,000, a single-family house at \$ 461,000, and a luxury lakeshore home at \$ 2,025,000 (the latter, a 2010 figure, given a dearth of sales so far this year). In short, says August: “ Our market is better than it was two years ago, but down from the peak of 2008.”

A bright spot on the multi-family market is the Watermark Beach Resort at Osoyoos. General manager Ingrid Jarrett says that the 183-unit full-service resort, opened 17 months ago, has fared the economic downturn better than most.

“ The Watermark is the newest of the strata resort developments [in the Okanagan], and from a sales perspective, it’s the most successful,” says Jarrett, who has extensive experience of luxury resort development and hotel management in B. C. “ From both a guest experience and service standard, there’s no doubt it’s a leader.”



Sited both on a beach and in the heart of the town of Osoyoos, the Watermark has 30 remaining units — from studios, through one-, two and three-bedroom apartments to beachfront town houses — starting at \$ 199,000. The property includes a spa, lap pool and other high-end amenities. Two small, luxury multi-unit properties in the Central Okanagan each have two multi-storey units on the market, both with private boat slips. They are the Waterfront, next to the Quails' Gate Winery in West Kelowna (\$ 1,399,000), and the Stonewater on Lake Okanagan at Peachland (\$ 1,295,000). And two large multi-home developments are in the final planning stages.

Canyon Desert Resort at Oliver, to be a 450-home “ golf and lakeside community,” is pre-selling its first building phase made up of “ golf villas.” Ponderosa Living, at Peachland, is a master-plan community to include a range of housing types, signature golf course and winery. Final approval is expected in the summer. Gary August reports that lakeside communities near Kelowna remain hugely popular. Yet Christa Frosch, who handles luxury properties for Sotheby's International Realty Canada, from Vancouver, points out that the entire Okanagan offers unique recreational properties for differing lifestyles.

“ Lake Kalamalka is close to Predator Ridge [for golfing], and Kelowna offers an urban lifestyle and culture. Naramata has a beautiful wine trail, and Oliver and Osoyoos, with its own wine region, and being less expensive, provides good value.”

Frosch says that higher-range properties — in the \$ 2 million to \$ 5 million range — can still be had at “discounts” of 30 per cent or greater. “ This season is a good time to buy, because by next season there will be more [price] correction.”

Already, some foreclosed properties are selling above appraised value, says Frosch, suggesting that values will restabilize. “ I'm starting to have clients who were looking two years ago come back and consider a purchase.”

Condo and town house sales at the ski resorts of Big White, near Kelowna, and Silver Star, near Vernon were particularly hard hit by the recession. “ A collapse of new real estate,” is how Michael Ballingall, senior vice-president of sales and marketing for both resorts, describes the situation in that sub-sector.

“ What we were seeing was sales that were literally at cost,” he says of the market strongly impacted by the subprime mortgage situation in the U. S.— once a source of ski-condo buyers. Since then, American owners have been selling.

On the upside, buyers from Alberta and B. C. have been snapping up bargain three-and four-bedroom condos at both resorts, Ballingall reports. As well, the 2010 Winter Olympics drove many West Coast skiers to the Okanagan, he says, “ and now we're seeing some of those people, primarily younger families, buying homes.”

Ballingall reports that an “ excellent” freehold property at either ski resort can be had for between \$ 250,000 and \$ 350,000. At the same time, buyers are rethinking their goals.

“ What we’re seeing now is that the Okanagan is looked upon by older Canadians for a kind of ‘ gathering of the clan.’ The grandparents want to buy a larger unit to include the entire family.”

And sales are on the upswing. “ March was the healthiest MLS (Multiple Listing Service) sales we’ve had in two years,” Ballingall adds.

Meanwhile Predator Ridge, a 20-year-old master-plan community near Vernon, with two renowned 18-hole courses, came through the recession relatively unscathed. Howard Kruschke, senior vice-president for real estate sales, credits the size and stability of the long-term development, as well as its reputable infrastructure.

Says Kruschke: “ Buyers are looking for established developers. That’s a big change.”



And with an eye to a changing market, Predator Ridge has expanded its offerings to include additional smaller yet still luxurious golf-resort homes.