

What We Found

E-2 REAL ESTATE DEVELOPMENT TRENDS

Real estate in the context of the regional market: Gibsons' real estate market has been and continues to be impacted by several local and regional factors, resulting in a highly fluctuating real estate market. Gibsons' real estate market boomed in the early 1990s for two reasons. First, the Mill expansion brought more people into the area and created a need for more housing and services. Second, the market fluctuated as a result of real estate fluctuations in the Lower Mainland. Soaring property prices in the last decade, and higher mortgage interest rates since 1994 pulled fringe regions such as the Sunshine Coast and Fraser Valley into Vancouver's real estate market. As a result, centers such as Gibsons and Sechelt offered an affordable alternative for several groups of Vancouverite home-buyers: couples nearing retirement, individuals seeking a second vacation home, and families who could not afford a house in the city. It is estimated that almost 50% of home-buyers on the Sunshine Coast are from Greater Vancouver.

A slow real estate market: In the context of the recessionary condition of BC's housing market since the mid 1990s, the current average price of detached residential units (single family homes) on the Sunshine Coast is 17.3% lower than the index of 1997, and 7.5% lower than 1995 (MLS Housing Price Index - August 2000). At the same time sales have slowed over the same period (Table 1). Market decline is even more pronounced with regards to attached residential units (i.e. apartments, condominiums, townhouses). According to local realtors the price of land in Gibsons has dropped 25-30 percent in the last five years.

Table 1 - Home Sales in the Sunshine Coast Region

		1996	1997	1998	1999	2000
<i>Detached</i>	Number	505	551	384	468	416 *
	% of change	0	+ 9%	- 32%	- 8%	- 21%
<i>Attached</i>	Number	87	84	102	61	38 *
	% of change	0	- 4%	- 17%	- 43%	-129%

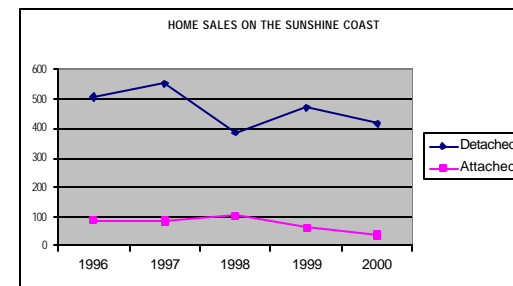
* Estimates for the whole year based on number of houses sold since June 2000

Table 2 - Building permits in Gibsons

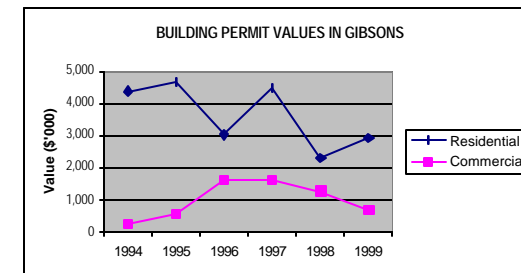
		1994	1995	1996	1997	1998	1999
Residential	Number	47	41	19	23	15	15
	Value ('000)	4,372	4,643	3,024	4,484	2,301	2,906
Commercial	Value ('000)	238	556	1,594	1,602	1,266	700

Source: BC Stats, Community Facts

What We See



Since 1996, the trend of sales on the Sunshine Coast, for both detached and attached residential units has been declining. However, it is proportionately more significant in the category of multiple housing units.



The value of residential building permits, in spite of outstanding peaks in 1994, 1995 and 1997, demonstrates fluctuations and a declining trend. The value of commercial building permits, however, displays a different trend. It peaked in 1996 and 1997 and steadily declined thereafter.

What We Found

Number and value of building permits: The number of building permits in recent years for Gibsons shows a trend similar to the trend of home sales across the Sunshine Coast. It peaked in 1994-95 and gradually declining since then (Table 2). Interestingly, there seems to be a correlation between the period of residential construction boom in Gibsons and the housing mortgage interest rate increase in 1994 that might have directed home buyers from the Lower Mainland towards affordable housing in fringe communities. Commercial building permit values suggest the boom for this sector in Gibsons might have occurred in 1996-98, when due to the increasing population in the region the demand for services expanded.

Large housing stock in spite of lower prices: Alongside the recessionary condition in Gibsons real estate economy there is a large housing stock in the market. Table 3 suggests that in Gibsons there are 39 houses listed for sale per 1000 people, while the same indexes in Roberts Creek and Sechelt are 10 and 26. Paradoxically, the average price of properties in Gibsons for both attached and detached residential units is lower than the same averages in Roberts Creek and Sechelt. This suggests that housing in Gibsons, is generally, more affordable than the other two population centers. These observations lead to the following hypothesis: Housing on the Sunshine Coast is not as viable a choice for low-income earners of the Lower Mainland as it is for middle and higher income families who are looking to buy a second home, or for people who are seeking a residence to retire to.

Table 3 - Residential Housing Market Profile

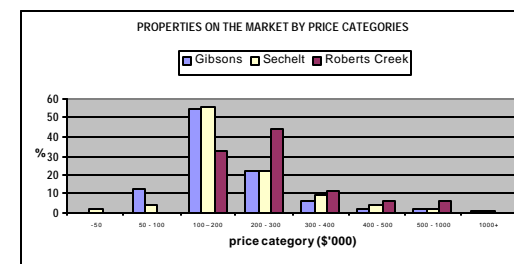
Source: www.realtylink.org – September 22, 2000

		Total Number of Market	Value (\$'000s)								Average
			- 50	50 – 100	100 – 200	200 - 300	300 - 400	400 - 500	500 - 1000	+ 1000	
Gibsons Population 4000	Detached	112	0	1	62	33	9	3	3	1	228
	Attached	43	0	19	22	1	0	1	0	0	126
Roberts Creek Population 3600	Detached	35	0	0	12	16	4	1	2	0	261
	Attached	1	0	0	0	0	0	1	0	0	-
Sechelt Population 8400	Detached	157	4	1	84	33	19	9	5	2	242
	Attached	61	0	7	39	15	0	0	0	0	165

Predominance of single family housing: While housing sales in Gibsons decline, the market for acreage houses in near by rural areas (e.g. Roberts Creek, Port Mellon Road) is active, even in spite of higher prices. These areas offer ocean front settings and present a certain lifestyle with easy access to Gibsons (10-15 minutes by car) for daily services (e.g. shopping, school, recreation, health care).

Rental Housing: Due to low property sales in Gibsons, a good number of houses are on the rental market. In early September there were over 18 residential units advertised as rental properties in the local newspaper.

What We See



Average property prices in Gibsons for both attached and detached residential units is lower than the same averages in Roberts Creek and Sechelt. This suggests that housing in Gibsons, is generally, more affordable than the other two population centers.

FUTURE TRENDS IN GIBSONS REAL ESTATE MARKET

- The real estate market in Gibsons will continue to reflect fluctuations in the Vancouver market.
- Residential growth will continue to be strong in rural areas.
- Single family housing will be the predominant type of residential development.