

MONITOR

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If I had a million-dollar house



High-end waterfront properties near Gordon Head: In Greater Victoria, more than 2,700 single-family homes carry assessments of between \$1 million and \$15 million, up from 1,750 a year ago. Back in 1998, only one home in the condominium-townhouse category in the area was assessed at more than \$1 million. Now there are 118. *Darren Stone/TC*



CARLA WILSON

If you're one of hundreds in Greater Victoria with houses now assessed in the \$900,000 range, you could be a millionaire in a couple of months — on paper, at least — as rising values push more homes into the once-elite zone

So you want to be a millionaire? For thousands of British Columbians — including many in Greater Victoria — that dream will likely come true in less than two months.

It won't be a cash windfall. These citizens will become what's called paper millionaires as their home assessments move beyond the \$1-million mark, thanks to rising residential real-estate values.

Thousands of homeowners provincially and hundreds in Greater Victoria who own residential property close to the \$900,000 mark could surpass the million-dollar threshold when assessments are released in January. New construction and renovations are bound to put still more properties in the no-longer-elite league.

In Greater Victoria, more than 2,700 single-family homes are assessed at \$1 million to \$15 million, up from 1,750 a year ago, said B.C. Assessment.

Back in 1998, only one home in the condominium-townhouse category in the area was assessed at more than \$1 million, the provincial agency said. Now there are 118, and more are going up daily.

Victoria real estate is grabbing national headlines for luxury properties carrying the highest listed prices in the country. For several months this year, the average price of a single-family house in Greater Victoria set a string of record highs, although it dropped in October to \$556,222, with a median price of \$495,000.

We won't know how many new

real-estate millionaires there are in Greater Victoria until the assessment notices come out. But sales figures indicate numbers will rise again.

Assessments are based on the value of a property as of the previous July, and take into account several factors, including sales of nearby properties, location, size and condition.

Rudy Nielsen, president of Landcor Data Corp. — a Vancouver-based real-estate analysis company — estimates that provincially, the number of existing single-family detached houses in the million-plus camp will rise in January to more than 55,400 from about 38,000. That estimate is based on an anticipated 14 per cent increase in assessed value, given the strength of markets such as the Lower Mainland.

The number of existing condominiums in B.C. assessed at \$1 million or more could increase to more than 5,000 in January, from over 3,400 this year, he said. That doesn't even include new homes or other types of housing, such as townhouses, duplexes and fourplexes.

In Greater Victoria, Nielsen predicts an assessment increase of 12 to 14 per cent that would push 800 to 1,130 more existing single-family homes into the million-dollar category. As for existing condominiums, that would mean 191 to 203 assessed at \$1 million or more, he said.

Some real-estate watchers expect the year to wrap up with single-digit gains, however, far below the lofty increases of 15 per cent last year and 20 per cent in 2005.

The six-month average price of sin-

gle-family houses sold through Greater Victoria's Multiple Listing Service at the end of June, compared with the same period last year, shows an increase of just over six per cent.

A similar increase in assessed value would mean a house would need to be assessed at about \$940,000 to move to the \$1-million range. Greater Victoria has just under 500 single-family houses assessed at between \$940,000 and \$1 million, said B.C. Assessment.

Re/Max real-estate giant predicts Greater Victoria will see an eight per cent increase in average sale prices for this year, while a recent Canada Mortgage and Housing Corp. report predicts a four per cent rise in 2008.

Across the country, interest is sizzling in luxury homes. Re/Max said in September that it found "unprecedented" sales in this market over the first seven months of the year, compared with the same period in 2006. It examined 16 housing markets where sales of luxury homes increased, between 13 per cent in Victoria and 521 per cent in Edmonton.

"The consumer demand for luxury properties has been insatiable," an Re/Max executive said in September.

The starting price for a luxury home in Victoria, it estimated, was \$1 million, compared with \$2 million in Vancouver. In Halifax and St. John's, a mere \$350,000 will buy you a luxury home. Currently, close to 200 homes in Greater Victoria are listed on MLS at \$1 million-plus, including several condominium penthouses.

Waterfront properties are particularly coveted.

Rod Wilburn, senior vice-president of sales and marketing for Vancouver's Concert Properties, said purchasers of condominiums priced at \$1 million or more are often 50 to 70 and want the convenience of a "lock-and-go" lifestyle. "

Concert's new 365 Waterfront project on the Selkirk waterfront, expected to be ready in 2009, includes 15 available homes priced at \$1.05 million to \$1.795 million, all either penthouses or large corner units facing the water.

At the company's luxury Chelsea development, on Burdett Avenue and Vancouver Street, seven units were priced at more than \$1 million. Three are still available, and Concert expects interest to pick up again after Christmas.

Demand for new homes is fuelled by a strong economy bolstered by inheritances, investment gains and low unemployment, Re/Max said in a report.

Andrew Ramlo, a director of the Urban Futures research firm in Vancouver, said this region's economy has become increasingly diversified and its image is becoming more vibrant as a wider variety of jobs becomes available.

"There's a heck of a lot of stuff here to do. Things are going really well on the economy side and it is a great place to be. So you start to get all kinds of services, you get the funky little coffee shops, the little boutique retailers and all that neat stuff that comes along with a city as it grows and evolves."

High-income earners are attracted

by diverse urban services, he said, while those at the ultra-high end in business need easy connections elsewhere. For example, it's a short trip from Victoria to Vancouver's harbour.

Cameron Muir, chief economist for the B.C. Real Estate Board, said what drives the high-end niche tends to be different from the rest of the market.

In West Vancouver, for example, home prices tend to track pretty well with the TSE 300 index, said Muir from Vancouver.

"That's likely to be similar to most of the high-end niche markets, where those markets depend a great deal on equity growth and other kinds of sectoral growth.

B.C. is seeing a resurgence in mining, for example, "So there's some significant wealth generation that can happen from that."

Muir said the popularity of high-end property in Victoria has also increased with demand from global real-estate investors.

This area is increasingly seen as a good investment in terms of relative price for waterfront properties, as well as physical and financial safety, he said. Attractions include our mild climate, pristine environment, relative safety in terms of rule of law, strong economy and banking system.

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