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Condos seen as way to ease rental squeeze

Few new projects coming on stream so cities should take action to ensure adequate supply, prominent realtor says

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Privately owned condos are a major source of rental housing in the region, and cities must take action to ensure they keep coming on stream, says Bob Rennie, Vancouver's most influential condo salesman.

The rental supply is being squeezed, he said, because 70 to 100 per cent of the units in condo projects now being built in Vancouver and Burnaby have already been sold, and there aren't plans for many more new buildings between now and 2010.

To deal with the problem, cities must become more flexible, approve projects faster, give bonus density to projects that will create affordable housing and look at unusual ways to create social housing, he said.

"Social housing and non-market housing is in a crisis situation," Rennie told about 500 people at the Urban Development Institute last week.

"We have to find a way to produce non-market housing that attracts investors to buy into an ethical fund. Buy social housing condominiums just like we buy a studio and rent it out just like we buy into an ethical stock fund."

Rennie noted that of 15,000 condo units now being built in Vancouver and Burnaby, there are barely any left for sale.

In Vancouver's downtown, 99.6 per cent of the 2,072 scheduled to be completed this year are sold; 94 per cent of the 2,905 to be finished next year are sold; 72 per cent of the 2008 stock is sold, and 80 per cent of the 2009 stock is sold. It's not much better in Burnaby, where 95 per cent of 2,525 condos due to be finished this year are sold, and 100 per cent of the 1,042 scheduled to be finished by next year are gone.

He said private investors, who typically buy 30 to 65 per cent of units in any new condo development to rent out, face a situation of not having anything to buy.

"The investor is actually providing subsidized housing, taking the burden off governments and placing 35-per-cent down so the rent will cover the mortgage [while they're] waiting for a capital gain," he said.

"The model of private and public needs being met through development really is a win-win and we have to start getting creative in every city."

Rennie's latest coup was to sell out in one day the 536 market condos in the Woodward's project, the former department store on Hastings that is to be redeveloped with a mix of private and social housing, the Simon Fraser University arts centre, a grocery store, drug

store, daycare and space for community groups.

Rennie said he had to sell out the risky project in a day, or it would have been considered a failure and that would have killed the whole deal.

Instead, it's now judged a success that will be a catalyst for change in Gastown, Chinatown and the Downtown Eastside.

But that's not going to solve the shortage of land and future development that is at the root of an escalating affordability crisis in the region, he said.

Rennie noted that downtown condos are now selling at \$600 a square foot and rising, because they're selling to an international market that has no relation to the local economy.

(The condos he's selling at the foot of Burrard, in the Fairmont hotel development, are priced at \$1,566 a square foot and it takes a \$10,000 deposit just to get an appointment to talk about buying one.)

That means there needs to be more development in the rest of the region, said Rennie.

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