

## THE VANCOUVER SUN

### **Metro housing starts get unexpected boost; Number of condominiums nearly double over February last year**

The Vancouver Sun

Tue 11 Mar 2008

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Section: Businessbc

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Source: Vancouver Sun with a file from Canwest News Service

A flurry of suburban condominium starts gave an unexpected boost to Metro Vancouver's new housing starts in February, according to the Canada Mortgage and Housing Corp.

Builders started work on 2,446 units, which was some 96 per cent higher than the 1,248 units begun in the same month a year ago.

And multi-family projects were the difference with 2,174 new condominium and townhome units outnumbering the 272 single-family houses at a rate of almost eight to one.

Richard Sam, a Canada Mortgage and Housing Corp. analyst, said on one hand it was surprising to see such a high number of February starts, since the corporation forecast a decline in new home-building in Metro Vancouver this year.

But on the other hand, Sam wasn't surprised given the strong overall trend of the market favouring lower-priced multi-family units over detached homes.

"I think a lot of those projects were already in the works," Sam said, " [and] everyone just kind of started everything in the same month."

Vancouver, with 708 units, saw the biggest block of multi-family housing started in February. However, Surrey was not far behind with 683 multi-family starts. Add that to 201 units in Richmond, 156 in Coquitlam and 229 in Burnaby and the suburbs outpaced Vancouver's construction.

Sam added that starts of detached homes are more indicative of the overall trend for starts to slow. The start of 272 detached homes in February compares with 299 in February of 2007.

"Prices are getting out of reach for a lot of homebuyers," Sam said. "We're definitely seeing a decline in starts on the single-detached side."

However, the decline so far has been more of a waning in demand rather than a significant fall-off, according to Peter Simpson, CEO of the Greater Vancouver Home Builders' Association.

Simpson noted that the 3,778 housing units started in the first two months of 2008 are 47 per cent higher than during the same period in 2007, with multi-family units in Vancouver and Surrey accounting for the biggest proportion.

"The gap is widening between single-family and multi-family starts," Simpson said, "and that's a direct result of affordability for some purchasers, primarily first-time buyers."

In the Fraser Valley, the Canada Mortgage and Housing report showed strong numbers for the Abbotsford census-metropolitan-area. The 176 units started in February represent a 53-per-cent gain over February 2007. But 150 of those units were multi-family homes. Construction on 26 single-family represented a seven-per-cent decline in that category.

Across B.C., Canada Mortgage and Housing recorded 3,710 housing starts, some 79.2 per cent above 2007 levels.

February was surprisingly buoyant for new-home construction across Canada. Nationwide, February's housing starts put Canada on a seasonally adjusted rate that would see 256,900 units started by the end of the year, up from 222,700 based on January's starts.

Bob Dugan, Canada Mortgage and Housing's chief economist, said the strength has a lot to do with multi-family construction in Vancouver, Toronto and Montreal, which "account for almost all of that surge" in construction.

"A lot of people are going towards those options to keep their mortgage carrying costs down," Dugan said.

"About five years ago housing starts were about one-third multiple two-thirds single now we're at about 50-50."

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Illustration:

• Graphic/Diagram: CMHC, Vancouver Sun / MULTI-FAMILY INCREASE JUMP-STARTS HOUSING STARTS : The number of housing starts in Metro Vancouver nearly doubled in February from the previous month, jumping from 1,332 units to 2,446. As the chart shows, the increase came mainly from multi-family units (condos), which increased from 1,104 to 2,174, while singled detached units increased from 228 to 272.

Idnumber: 200803110087

Edition: Final

Story Type: Business; Statistics

Length: 534 words