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SATURDAY, JANUARY 9, 2010

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CONDO OF THE WEEK
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HOT SPRINGS KEEP COOKIN'
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Right package

KATHY MCCORMICK
CALGARY HERALD

The Calgary real estate and residential construction market is on the road to recovery.

But in terms of the multi-family housing industry, that road could be filled with a few potholes — at least in the highrise sector.

"In Calgary and Edmonton, apartment starts are not expected to recover to recent levels in 2010, as an increasing number of unabsorbed units and many projects still on hold are expected to mitigate a recovery even as the economy begins to recover," says the latest Altus Group Housing Report.

However, with mortgage rates at historic lows, things are good for buyers.

Selecting a purchase still boils down to a few key factors — the most important of which remain location, location, location, and value.

For Jackie and David Sereda, it was all about the right place, the right time — and the right package.

The couple recently moved into an apartment condo in Statesman Group's Riverside Quays complex in the inner-city community of Inglewood.

They will live there with two of their daughters until their new home is built in Okotoks, when they will turn over the keys to their daughters.

"The attraction for us was the 'greenness' of the project and its location," says Jackie.



Dave and Jackie Sereda recently moved into their new condo in Riverside Quays with their two daughters. Clockwise from top centre: the couple's niece, Kendra Sereda-Smith, with son Noah Smith, 3; the couple's daughter, Rachelle Sereda; Dave; and Jackie, who is holding Cage Smith, 1, son of Sereda-Smith.

SEE RIGHT, PAGE 19

CONDO SHORTS

Decline expected

With the full total for 2009 still a few days away from being released, construction starts of multi-family housing in Alberta will likely be below that of 2008, says a federal agency. Builders and developers focused on completing projects started prior to or during the economic downturn, setting aside timetables for new developments, says Canada Mortgage and Housing Corp. From January to November, work started on 4,712 multi-family homes — down about 62 per cent from 2008.

— Marty Hope

Vancouver sales soar

Led by its multi-family housing component, sales and prices soared in Vancouver in 2009, says a report. Part of a province-wide resurgence in resale housing, Greater Vancouver saw total sales soar by more than 44 per cent from July to September, while the total dollar volume jumped more than 52 per cent to \$10.3 billion, says Landcor Data Corp.

— Marty Hope

Moisture causes woes

Winter can exacerbate moisture problems in the home. If a home is too wet, it usually means a high-moisture source, such as a damp basement or too many plants, says Canada Mortgage and Housing Corp. Deal with these first. You may need also an exhaust fan in the bathroom or heat recovery ventilator to remove excess humidity. If it's too dry, seal the house with weatherstripping or caulking. A humidifier may be needed, says CMHC.

— Kathy McCormick

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FROM PAGE I7

RIGHT: 'Don't need a car'

"My husband is an environmental consultant and I'm an energy practitioner and teacher. Riverside Quays appealed to everything we value."

"Its BuiltGreen technology, which includes steel and concrete construction, was very important to us."

"Add on the fact that it's close in the inner city and next to the large green space of Pearce Estate Park."

"In fact, we heard of one family who moved in and opted not to have a parking stall. They don't even need a car."

The value of the building convinced the couple the timing was right despite the economy, joined by the fact their girls needed a place to live.

"I honestly don't know how any young person could do it today without help," says Jackie.

While the Seredas are among the people who purchased a condo in 2009, developers were reluctant to start new projects.

"Condominium apartment starts are still in free fall in Calgary and Edmonton," says the Altus Group housing report.

But that's not all bad news, says senior market analyst Richard Cho of Canada Mortgage and Housing Corp. "Fewer additions to the inventory will help turn the corner and give builders the opportunity to increase production," he says.

He's calling for 1,800 multi-family housing starts this year, up from an estimated 1,350 last year.

While it's up modestly from 2009, it is still down substantially from the huge numbers posted in the past couple of boom years — or, indeed, in average years.

"Multi-family construction is on pace to decline 81 per cent from the previous year," Cho said late last year. "Although economic conditions are expected to improve in 2010, production will remain below the 10-year average of 5,223 units."

"With over 5,000 apartments still in the construction phase, inventories will continue to experience upward pressure as more units reach completion."

A saving grace has been the number of projects that have been halted, stalled, or even cancelled, said Six Real Estate Consulting in its market overview late last year.

"While sales have been stronger throughout the city over the summer months, the level of available inventory has been steadily decreasing as few new project

launches and several cancellations have reduced the total market supply," said the overview.

That bodes well for the sector in future, it said.

"Heading into 2010, the Calgary new multi-family market should return to a more normalized market with typical sales and pricing patterns. Sales improvement will start to put upward pressure on prices, although consumers are expected to remain extremely price-sensitive and may balk at increases."

It depends on the product, says president Randy Provost of Keynote Development Corp. "We have not reduced our prices because we believe the value for the price is there."

Keynote is constructing in the inner city near Stampede Park and it is close to sold out for the first of two towers. Construction is ongoing and residents will move in this spring.

The mixed-use development includes a large office tower that is already occupied, as well as a huge retail component that includes a new Sunterra Market location.

"So many projects have shut down that I believe having our building finished and ready for move-ins in a short time is the best marketing plan we could have," says Provost.

The market is correcting, he says. "Alberta is lagging at the end of the recovery cycle and when the market does turn, there will be a catch-up in construction with the pent-up demand."

With mortgage rates at historic lows being joined by prices that remain attractive, people who were sitting on the fence will buy.

"Mortgage rates really do make the cost of residential housing very attractive, and that's driving the market," says Provost.

It has been first-time buyers who have been the biggest winners so far, but that could expand, says Six.

"The strength in the market is expected to continue in 2010 as mature and move-up buyers become more active following the recovery of the resale market," it says. "Additionally, the low MLS inventory levels will reduce the amount of choice in the resale market and encourage more consumers to consider new housing."

Calgary could follow other large Canadian cities, says Garth Mann, president of Statesman Group. The company recently opened its show suite, fitness club and amenity cen-



Garth Mann, president of Statesman Corp., at the company's Riverside Quays condominium project.

tre in the Riverside Quays project.

"In Vancouver and Toronto, the market has rebounded so much that people are now bidding higher than the asking prices," he says. "With the inexpensive mortgage rates, we suspect this may hold true for Calgary."

Cho also sees signs of improvement. "Building permits are slowly picking up and we're seeing more activity, especially in apartments," he says. "The number of projects on hold or delay represent a future supply."

Some, such as the once-stalled Midtown development, have started re-building.

Away from highrises and the inner city, things are decidedly different, say experts — so much so that semi-detached and townhouse projects are scarce and land supply is tight.

"The strength in the suburban market has encouraged several new projects to launch during the fall market of 2009 adding the first new inventory in over a year to the market," says Six. "The introduction of new product is a welcome addition to the market as the south, west and north sectors have less than a year's supply of available product at existing projects and would face supply constraints in the 2010 market."

The strength of the suburban market has been demonstrated in sales.

"We are going to end the year with 150 multi-family permits for 2009," says the president of Cardel Lifestyles, Tim Logel. "I am plan-



From left, Kendra Sereda-Smith and Rachelle Sereda in the gym at Riverside Quays, where a unit was purchased by Rachelle's parents.

ning for 225 sales for 2010."

This includes a 95-townhome project in Chaparral Valley that recently received approval, with units starting at \$244,900 plus GST.

He had forecast 79 units.

Streetside Development Corp. is forecasting 275 sales for 2010, up from about 200 for 2009.

"It will be a stabilizing and balanced year," says Lisa Feist, operations manager, sales and marketing. "The economic strength of Calgary makes now as good as any time to purchase. Purchasers will have to remain attentive to maximize their purchase."

"Should they continue to wait, interest rates should rise, prices

will likely rise and inventory will decrease. Timing their purchase will be imperative."

At Hawthorne Homes, the company is expecting "a modest improvement" from its 180 sales in 2009, says general manager Wendy Jabusch. She is forecasting 225 for this year.

Overall, the two different markets — high-rise condos in the inner city and townhouses and row housing in the suburbs — will mean the multi-family sector will likely experience "a modest increase this year," says Cho. "We won't get to historical levels of 3,000 to 4,000 starts until after 2010 or 2012."

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