

LAND & DEVELOPMENT REPORT

NEW CONCRETE CONDO PRICE/SF

2016: \$470+
2017: \$600
2018: \$700+



WOOD FRAME CONDO PRICE/SF

2016: \$335+
2017: \$475
2018: \$550+



SINGLE FAMILY BUILDING PERMITS

2016: \$174.00M
2017: \$253.78M
2018 YTD: \$68.79M



PURPOSE BUILT RENTAL UNITS

2015-2016: 481
2016-2017: 1,159
2017-2018: 975



KELOWNA'S LAND & DEVELOPMENT MARKET Q3 2018

MULTI-FAMILY BUILDING PERMITS

2016: \$76.90M
2017: \$179.04M
2018 YTD: \$53.99M



AVG LAND \$ PSF (LOW DENSITY)

2016: \$5.05
2017: \$5.42
2018: \$5.87



AVG LAND \$ PSF (MEDIUM DENSITY)

2016: \$13.34
2017: \$32.00
2018: \$37.82



AVG LAND \$ PSF (HIGH DENSITY)

2016: \$52.04
2017: \$68.26
2018: \$100+



Demand for land remains strong in Kelowna, in core urban areas and single-family lots in residential areas further away from the centre of the City.

The municipality is still working to concentrate and densify development in the urban areas. Available land for development has become incredibly scarce, particularly in the Downtown, Pandosy and Lower Mission.

The developer of Landmark Centre is still active in acquisition, creating space for residential units to transform the area into more of a village. With almost one million square feet of office space and thousands of people commuting to work in the area, there is a hope that attracting employees to live there will reduce parking and traffic woes. This means converting properties around the Landmark buildings. Plans to turn a

car dealership into a farmer's market and brew pub have been drawn up.

Another buzzed about project is the Brooklyn Bernard Block. The Mission Group acquired the former Bargain Shop lot in 2017 and filed an application to the city to build a 25-storey mixed-use project on St. Paul Street. Condominium sales are now underway, and two additional towers are expected.

Another 975 rental apartments are planned or under construction in Kelowna, with over 2,000 new purpose built over the last couple of years. The rental vacancy rate is expected to settle at about 3% by the end of the year. This is considered a healthy vacancy rate although it is still historically low for the area.

Government intervention has created some uncertainty among developers. Westcorp's proposed 33-storey downtown hotel has been put on hold until the province releases more information on its proposed speculation tax, a tax directed at vacant housing worth more than \$400,000. According to the government, the tax is meant to deter foreign speculator investment and increase the rental pool. Market reaction has resulted in the delay of some projects, and the slower uptake of units in others. Some buyers have also been thrown off by the property transfer tax which charges owners a percentage of a property's value when it changes hands as a means of combatting house flipping.

Some developers are drawn to Kelowna, though, due to quick project approval by city council. In Vancouver, approval of re-zoning for a proposed development can take 3-4 years. In Kelowna, that timeline is shortened to 5-7 months and on Westbank First Nation approval comes even faster. This presents a significant advantage of doing business in the Okanagan.

Increased construction costs and a shortage of tradespeople have created fierce competition among developers. Some recruitment tactics include a shuttle service to and from the site, and a hot breakfast before work.

John Hindle Drive, the new access from Glenmore to UBC's Okanagan campus, will drastically change the face of transportation in the City. It presents a significant shortcut for students and staff and easy access to other areas of the City for those who live near the airport and in Lake Country.

This has been a year of political changes that we at HM Commercial believe will have the opposite effect the provincial NDP government claims it wants to achieve. The proposed speculation tax, which is really a tax on wealth, has missed the mark. It is intended to reduce property flipping, allow for more affordable housing and increase the rental pool. Instead, introducing a tax on homes over \$3 million is a tax grab on properties that will never see the rental market. The speculation tax is driving investment away from B.C., which means less development and fewer new affordable rental units. This is leaving new homebuyers and renters in a worse position entering the market.

Jobs are another factor negatively impacted by these changes. With developers shying away from new projects, a drop in construction jobs is likely. Both skilled and unskilled workers will be pushed out of a market already struggling to hold on to tradespeople. The tourist-based economy of Kelowna requires outside investment and spending. Driving away that investment, and those who visit our communities, will have a negative impact on everyone, especially those most vulnerable in the market. Bottom line - less supply creates higher prices ultimately.

NEW MULTI-FAMILY DEVELOPMENTS

PROJECT	STOREYS	UNITS
One Water Street	36 & 29	408
Ella	20	116
1151 Sunset Drive	21	117
Ellis Parc	14	91
Robson Mews	4	22
1800 Richter Street	4 to 5	443
SOPA Square	14	101
The Shore	5	103
Aqua	18	350
Cambridge House	5	192
Westcorp Hotel	33	55
414 & 420 Cedar Avenue	15	35
Brooklyn	25	178
Caban	6	130
726 & 816 Clement Ave	6	149



One Water Street

SINGLE FAMILY LOTS

PROJECT	LOT SIZES (SF)	PRICE RANGES
Prospect at Black Mountain	9,583-13,939	\$264,900-\$435,000
Kirschner Mountain	9,365-15,420	\$345,000-\$415,000
Highpointe	7,405-19,689	\$299,900-\$490,000
577-603 Clement Avenue	6,098-9,801	\$450,000-\$635,000

SINGLE FAMILY HOMES

PROJECT	FLOOR AREA(SF)	SALE PRICE RANGE	\$ PER SF
Solstice at Tower Ranch	1,510-2,832	\$480,000-\$795,000	\$218-\$497
Blue Sky at Black Mountain	2,939-3,121	\$945,000-\$950,250	\$303-\$323
The Ponds	2,134-4,210	\$849,524-\$1,425,000	\$316-\$362
Woodland Hills	3,663-4,550	\$1,490,000-\$2,409,524	\$327-\$586
Highpointe	2,572-3,615	\$920,000-\$965,000	\$266-\$358

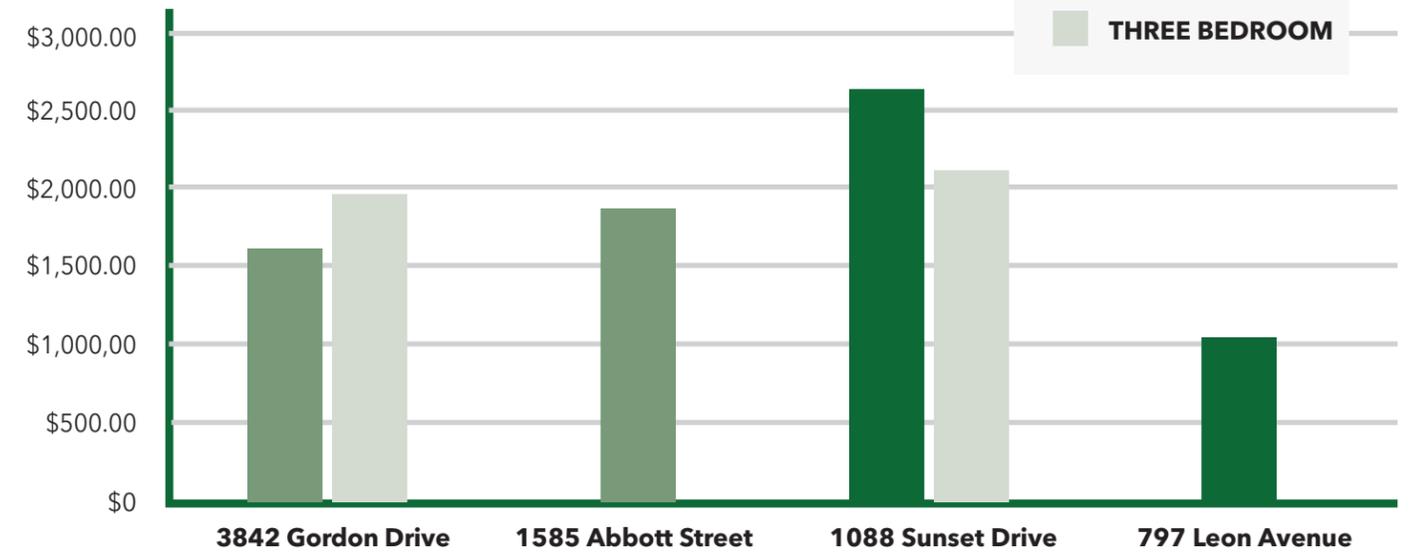
LAND SALES - 2017-2018

ADDRESS	SITE SIZE(AC)	USE	SALE PRICE	\$ PER ACRE	\$ PER DOOR
529 Truswell Road	0.717	Multi-Family	\$3,721,542	\$5,190,436	\$177,216
1940 Underhill Road	4.00	Mixed-Use	\$8,500,000	\$2,125,000	\$10,059
3326 Lakeshore Road	1.15	Mixed-Use	\$4,900,000	\$4,260,870	TBD
560 Bernard Avenue	1.5	Mixed-Use	\$9,400,000	\$6,266,667	\$52,809
1187 Sunset Drive	2.84	Multi-Family	\$9,200,000	\$3,239,437	\$22,549
191 Hollywood Road S	1.31	Mixed-Use	\$2,300,000	\$1,755,725	\$26,136
3854-3858 Truswell Rd	1.295	Multi-Family	\$7,100,000	\$5,482,625	\$126,786
1730 Ethel Street	0.44	Multi-Family	\$1,935,000	\$4,397,727	\$74,423
3101 Lakeshore Road	0.916	Commercial	\$5,105,000	\$5,573,144	TBD
1620-1640 Water Street	0.44	Mixed-Use	\$2,900,000	\$6,579,375	TBD
1660 Water Street	0.28	Mixed-Use	\$1,900,000	\$6,696,117	TBD
Glenrosa Road	30	Single Family	\$10,500,000	\$350,000	\$54,452

CONDO AND MICROSUITE SALES PRICES

PROJECT	TYPE	UNIT SIZES (SF)	SALE PRICE RANGE	\$ PER SF
Live at Ella	Steel	311-1,377	\$289,900-\$925,900	\$622-\$932
Siena at Sarsons	Wood Frame	693-1,051	\$339,900-\$485,900	\$462-\$560
U-District Apartments	Wood Frame	532-1,137	\$265,000-\$515,000	\$445-\$591
Cambridge House	Wood Frame	313-946	\$172,000-\$385,000	\$550-\$757
Sole Downtown	Wood Frame	390-771	\$268,500-\$373,000	\$484-\$695
Central Green	Wood Frame	513-942	\$265,900-\$485,900	\$454-\$544
SOPA Square	Concrete	680-1,435	\$470,000-\$960,000	\$609-\$691

OLDER BUILDING RENTAL RATES



NEWER BUILDING RENTAL RATES

