

Fort St. John facing Real Estate Boom

November 15, 2011 **Brianne Zwambag, Alaska Highway News**

And investors can look forward to a projected real estate boom, according to a report released by the Real Estate Investment Network (REIN) that predicts the local real estate market to outperform other regions of the province over the next three to five years.

The report, which analyzes current and future prospects for real estate investment opportunities in B.C., ranks Fort St. John fifth out of hundreds of towns and cities.

“It’s not a surprise for us in the business. We’ve seen it coming for a while, and now the rest of the world is seeing it too,” said Kevin Pearson, Managing Broker for the Century 21 office in Fort St. John.

“Anytime you have that much work, that much growth, that many economical benefits to a region, of course you’re going to find a very strong real estate market,” said Trevor Bolin, a local real estate agent and member of the current City Council.

“With all the projects on the go up here, whether it’s new mines in the Hudson’s Hope area, the oil and gas activity or the potential for the Site C Dam, it really puts us in a forefront position to be able to lead the province for the next decade,” continued Bolin.

The ranking is based on research completed by REIN that analyzed recent statistics, economic and social trends, and reports from organizations including the Canadian Mortgage and Housing Corporation (CMHC), Statistics Canada, Multiple Listing Service (MLS), city and regional real estate boards, and the Canadian Home Builders Association.

One of the factors that the report looked at was whether or not the area’s population was growing faster than the provincial average. Both Bolin and Pearson agreed that Fort St. John is indeed growing faster than provincial averages, largely due to the amount of opportunity in the area.

“We have so many natural, raw resources up in our area that the rest of the world wants it. It’s creating jobs. We’re darn lucky to have these kinds of opportunities up here because there are a lot of places in the country that don’t,” said Pearson.

However, Pearson said that it’s not just the population that is growing. A large part of the growing real estate market is being driven by out of town investors. He said that recently, he’s received many inquiries from investors in Alberta and in the Lower Mainland.

“Lots of the oil industry, like Talisman and different companies like that, are spending billions of dollars in the area already right now and that’s a good indication that they’ve done their feasibility studies and they’re going to spend lots of money up here. So that gives other investors confidence,” said Pearson.

The fact that investors are being attracted to the area is a reason that locals should consider real estate as an investment now, according to Bolin.

“As soon as it gets out about these projects on the go, we’re going to have out of town buyers trying to buy stuff up like crazy and that is going to give a big boost to our market. I would rather, by far, see locals take advantage of the market they’re in right now than to do it a year from now when they could have put that money in their pocket,” said Bolin.

If residents have the ability, Bolin and Pearson both said that now is the time to get in to the market.

“Everything is poised to go up. From every report we’ve got, whether it be from the oil and gas industry, the provincial government, the private sector- they’re all gearing towards making major moves in Fort St. John,” said Bolin.

“If you can get your foot in the door, you’ll be sitting good in the future. Even if it isn’t exactly the property that you want right now, it’s more about getting started,” said Pearson.

Pearson looked back over the past decade and said that some areas have seen property values increase by 70 per cent or even double, and that could happen again. He said that if industry continues to grow, Fort St. John could be faced with a similar situation as Fort McMurray where a half duplex can go for up to \$650,000.

With real estate prices on the rise, the question of affordable housing has come to the forefront of many residents’ minds and has also become an issue in the upcoming municipal election.

“People say we don’t have affordable housing, but... anybody who wants to enter our market, whether they’re spending \$150,000 or \$500,000, can. There is something out there for any budget,” said Bolin.

Bolin spoke about the new condo and strata projects on the go that give more options to potential buyers. He said that last year, a new condo project in town gave people the opportunity to purchase a two-bedroom condo from \$159,900 which would give the owner lower mortgage payments than what they would pay in rent for a similar unit.

“A buyer needs to realize that there are steps in getting in to the market. Getting in to something like a condo or a manufactured home on their own lot, that’s what is going to

give them a chance to build up equity and put them in the next price bracket,” said Bolin.

Pearson agreed and said that the market is currently seeing a lot of that upward momentum as homeowners are building equity in their homes.

“I see more people that are moving up right now in residential. We have one or two situations right now where there’s a chain reaction with five or seven properties that are all in one transaction basically – one starts another one,” said Pearson.

Pearson said that the issue of affordable housing will become more complex in the coming years because the cost of developing new property, something that his office does, is increasing every year and new fees are coming in to play.

“All those things keep adding up and the price of even servicing properties in Fort St. John is higher than in other areas like Dawson Creek and other communities. With those things, it’s pretty much impossible to see affordable housing unless there is land that is going to be donated to developers or something along those lines,” said Pearson.

Pearson said he hoped that the City would start to think more of the big picture and offer more incentives to developers to bring affordable housing in to the area. He also thinks the new 80 per cent rule that is outlined in the Official Community Plan (OCP) should be looked at again.

The city, with the hard 80 per cent rule, I think they are going to be missing the boat all together because by the time they allow that 80 per cent, and it could take years,” said Pearson. “If we get a big boom here, there’s going to be a shortage of land and it’s going to take several years to incorporate more land in to the city and that will only drive prices up.”

The report also looked at whether new infrastructures were being created to handle growth and whether or not local government was actively promoting an economic growth atmosphere. Bolin said that Fort St. John is definitely on track with both of these factors.

“The new regional hospital, the new fire hall, the Pomeroy Sport Centre – Fort St. John has a lot of benefits and attributes for the people who live, work and play here over top of a lot of other areas. It’s not just a place to work anymore, it’s a place to raise a family and spend your retirement,” said Bolin.

Bolin also pointed out that a strong real estate market has a positive ripple effect through the entire community.

“The money that is made through real estate stays inside a community, and that’s what matters most,” said Bolin. “Statistics show that for every real estate transaction made, it

brings \$27,000 in to the community through spending, appliances, landscaping, painting, updates, contractors and more.”

Also on the list of top towns and cities in B.C. for real estate investment were Kamloops in third, Dawson Creek in sixth and Prince George in tenth.