

## Single-family home values will survive baby boomer sell-off, economists say



A Conference Board of Canada report Monday said new young families and increased levels of international immigration should boost the demand for single-family homes in the future, at least partly offsetting any increase in the supply of baby boomers' homes for sale.

It's a question that can create severe anxiety disorder among baby boomers: Who will buy their single-family homes when they decide to downsize into smaller units?

Pessimists feel baby boomers could soon flood the market with detached homes as health and financial issues force them to sell, creating an oversupply situation that forces prices down.

But a Conference Board of Canada report Monday said new young families and increased levels of international immigration should boost the demand for single-family homes in the future, at least partly offsetting any increase in the supply of baby boomers' homes for sale.

Conference Board economist Julie Ades feels the relative supply of single-family homes will drop in the future as construction levels decline and some detached homes are converted into semi-detached units.

"The market will gradually adjust on the demand side and the supply side," she said in an interview. "That will help balance the market and we will likely see a mitigation of the negative impact on the price of single-detached dwellings."

The average Multiple Listing Service selling price for a single-family home in Greater Vancouver has skyrocketed in the past 30 years – from \$130,000 in 1983 to \$1.1 million last month.

Baby boomers hoping to cash in on increased home values by selling and downsizing shouldn't be too concerned about a possible surge in the number of aging people chasing the same strategy at the same time, according to Real Estate Board of Greater Vancouver president-elect Ray Harris.

"If a flood of homes did come on the market, I think the situation would correct itself very quickly," he said. "Prices might drop but people who don't have to sell would take their homes off the market, so it becomes a self-controlling mechanism."

Harris said health issues are the biggest reason owners decide to sell their single-family homes.

"Going from a home with two levels to a home with just one level is very common because of mobility issues (among older people)," he said. "Some owners just can't maintain a big home because maybe their partner has passed on or had to move into a long-term care home."

Abbotsford resident Marlene Nunn said health and financial issues were the biggest factors in the decision by her and her husband, Herb, to sell their Maple Ridge house this year and buy an Abbotsford condo.

They sold their 1,700-square-foot rancher for \$446,000 and bought a 1,200-square-foot condo for \$261,000.

Herb Nunn developed a heart issue that made it hard to keep up with the maintenance work required on the house and cashing in the equity was "absolutely" another reason to make the move, Marlene Nunn said.

"It wasn't an easy decision and it took a while for us to come to this conclusion but it was just the right thing for us to do," she said.

Port Moody realtor Derek Love doesn't expect to see a glut of baby boomer homes for sale any time soon.

"More than half the people in my neighbourhood are over 65 and most of them want to stay in their homes for as long as possible," he said. "I'm still selling single-family homes in the \$2-million range to people in their 50s whose kids have moved out."

Love said many potential clients in their 60s have told him they would sell their suburban homes and move to a downtown Vancouver condo if those condo prices weren't so high. But those dream condos are unaffordable, so they have decided to keep their homes.

Love feels condo prices could be under more pressure than single-family home prices in the future because so many new units are being built and many older buildings will need a lot of capital investment for maintenance purposes.

About 60 per cent of Canadians now live in single-family homes but the Conference Board report notes the prevalence of people living in detached homes declines after the age of 55.

According to 2011 census data, 67 per cent of Canadians aged 50 to 54 lived in a detached house but the proportion dropped to 59 per cent for those between the ages of 75 and 79.

The report also said smaller multi-family units will account for a growing share of future residential demand in Canada because of affordability issues and demographic trends.

The proportion of one-person Canadian households rose from 25.7 per cent in 2001 to 27.6 per cent in 2011, due to factors such as a rising divorce rate, fewer marriages and common-law relationships and the aging population.