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ON THE BLOCK

The recreational property sector is seeing a new marketing push as wary buyers begin a tentative return to the market this spring. But developers are still pricing once-expensive units to sell. An auction being held for quarter-shares in units at the Painted Boat resort at Pender Harbour on the Sunshine Coast, for instance:

Now: **$85,000 - $115,000**

In mid-2008: **$209,900 - $284,900**

REAL ESTATE

Buyers look to take charge in recreational property market

The wild card in 2010 will be the introduction of the HST

BY DERRICK PENNER
VANCOUVER SUN

With spring offering the promise of sunshine and thoughts of summer cottages, the performance of British Columbia's recreational real estate market will depend on how well sellers appeal to a new, finely honed sense of value among buyers, according to one consultant.

Coming out of the recession, the recreational sector has left behind the headier days of 2002 to 2007 when buyers felt flush and worried more about missing out on opportunities to jump into a dream property, according to Scott Brown, the senior vice-president of Colliers Residential Services.

And with the marketing push for 2010 beginning, Brown said developers can expect to have to bargain hard to clear out existing inventories that built up during the recession.

"People's interest is back, [but] it's not crazy interest," Brown said in an interview on Thursday.

Now, however, a property buyer's biggest fear is, "'Am I paying too much, and is this a bad time to buy, and am I going to look stupid?'"

From what Brown saw in 2009, when buyers began to trickle back into the market, those developers who can price products in the $300,000 to $500,000 range will likely do the best.

Beverly Hills-based auctioneer Kennedy Wilson is touting the possibility of getting in at "the bottom of the market" with a couple of auctions on B.C. recreational projects.

For instance, the firm has set opening-bid prices of $85,000 to $115,000 on quarter-share units (priced at $209,900 to $284,900 in June 2008) in the Painted Boat time-share resort at Pender Harbour in an auction taking place for 72 shares on May 30 at the Fairmont Hotel Vancouver.

Then at Invermere, Wilson has set opening-bid prices of $85,000 to $180,000 on 40 units in the Lake Windermere project, which will be auctioned in Calgary on May 29. They had previously been priced up to $512,900.

For Sable Resorts' Legacy on Mara Lake project near Sicamous, the developer is enticing buyers with a "stay and play" opportunity for prospects to test drive one of the 24 units still for sale in the 65-unit condominium development.

"We've had very positive results and had some sales," Lara Grimm, Sable Resorts' marketing coordinator said in an interview.

Prices at Legacy range from $299,000 to over $1 million, which Grimm said has put them "below the 2009 appraised value."

"There have been some adjustments on some units, but for the most part, because of the quality of the project and its location, we're not looking to fire sale and be done with it."

Brown said it was difficult to gauge how much the recreational market went down because developers were reluctant to discount prices, then buyers disappeared.

This summer, Brown said there are failed B.C. projects in the hands of receivers, which will help determine pricing.

"This summer, people will be more aggressive with pricing, some obviously in a more distressed state than others."

If they are able to end up with selling prices in the $300,000 to $500,000 range "they could sell 20 or 30 units," Brown said. "But that would still be about half of what [prices] were."

He added that the wild card in 2010 will be the HST that takes effect July 1. That will add seven-per-cent inflation to the already challenged market.

Brown said he is telling clients "you'd better be prepared to eat the HST if you want to see sales in August."

Still, for financial advisers, it remains a difficult environment to recommend a recreational purchase, from an investment standpoint, according to David Sung, president of Vancouver-based Nicola Wealth Management.

Sung said B.C.'s real estate values have grown so sharply over such a short period it is hard to see that trend continuing.

"If real estate is going to be flat or see no growth, then clients are going to be more well off by taking the same money and putting it towards other assets," Sung said.

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