WREB Position on Proposed Plan Winnipeg Amendment to Change Waverley West Lands from Rural to Neighbourhood Land Use – January 2005

The Winnipeg Real Estate Board has been a long-time advocate of the need to address the acute shortage of multi-family units in the city. Many areas of the city have virtually no vacancies and this is a real concern now and going forward if we want to provide adequate housing for all Winnipeggers. This includes new immigrants that the Province covets as part of an ambitious program to not only maintain and even increase our population but to provide much needed skilled labour and trained professionals for key sectors of our economy.

More recently, through excellent research and well documented reports by the City of Winnipeg and ND Lea, our organization has become intimately aware of the looming residential lot shortage in Winnipeg. Unless more lots are brought on stream, in only one year, there will be no building lots left in the entire southwest quadrant of the city. In two years, lots will be totally depleted from South Winnipeg which has been supplying over 70 per cent of all new homes built in Winnipeg. Our own Multiple Listing Service® or MLS® vacant lot inventory has dropped off considerably over the past few years. As of December 17th, 2004, there were just twenty-five residential lots in the entire city with only four available in the southwest quadrant and three in the southeast. As a point of comparison, there are over 200 vacant residential lots in the outlying rural municipalities.

Looking at MLS® housing inventory during this same time frame, southwest and southeast Winnipeg have quite similar numbers – approximately 90 are currently for sale. In the northwest and northeast quadrants, there are close to three times the number of properties available for sale. Of the 90 properties for sale in the southwest quadrant, one-third of them are over $300,000 with many closer to $500,000.

Where is the demand for housing in the Winnipeg Real Estate Board market territory? A very high conversion of sales to listings is one good indication and South Winnipeg clearly leads the way in this regard. Another really strong representation of demand for specific areas is tracking mls.ca – the most successful real estate site in the country with over 6,000,000 page views per day. In capturing two specific time periods earlier this year, the number of page views for properties in the southwest was nearly double the number for any of the other four areas the Canadian Real Estate Association has set up for Winnipeg (see attached charts).

The demand for residential property throughout Winnipeg has never been stronger as evident from another MLS® indicator. It shows that in 2004 the total sales price dollar volume in comparison to total list price dollar volume is actually higher. More typical year end results indicate total sales dollar volume makes up 96 or 97 per cent of total list dollar volume. With the unparalleled demand for existing housing on our Multiple Listing Service® in 2004 (e.g. highest sales in 17 years and record dollar volume shattering the previous high) especially in the southwest part of the city, we cannot imagine what it will be like in 2006 when the only option for someone wishing to live in southwest Winnipeg is an existing home. It will put unprecedented demand on house

prices and be totally counterproductive to what the City and the Province have been attempting to do to create a more sustainable city with brighter prospects for the future.

All we will be doing is to force people to live further out in the capital region thus requiring longer commutes or they will choose to not live in the capital region at all. It will also negatively impact the City's property assessment base which is critical to maintaining revenue for civic services for all Winnipeggers no matter where they live in the city. Higher priced homes like the ones that will be built in a new development like Waverley West contribute municipal taxes well above the household average that the City requires.

A healthy real estate market entails a good mix and supply of existing, new and rental accommodations. Infill is an important and welcome part of this mix. It is occurring but is not anywhere close to meeting the required housing demand, even using the most optimistic projections.

Winnipeg has been at or near the top of the heap in terms of experiencing the biggest price increases across the country over the past few years. 2003 and 2004 both delivered double digit price increases in single family homes and much of these increases can be attributed to extremely tight inventory. It is important to note that these price increases are throughout the entire city. Inner city neighbourhoods are actually up on average 17 per cent this year compared to suburbs which have seen a rise of 12 per cent.

However, it is important to note that the suburbs in southwest Winnipeg are in many cases well above the suburban average. As of the end of November 30, 2004, the year-to-date average residential-detached price in Linden Woods went up 21 per cent over 2003 and Richmond Lakes/St. Norbert shot up 23 per cent. Even the rural municipality of Ritchot (just south of St. Norbert along highway 75) rose 31 per cent. Fort Garry went up 19 per cent while Fort Richmond was ahead 18 per cent.

For someone to say suburban development is hurting the inner city is a nonstarter. If anything, the shrinking supply of housing overall is creating more affordability challenges for low to moderate income people. Inner city housing initiatives like HOP are having real difficulty acquiring properties at a reasonable enough price to rehabilitate them without requiring larger government subsidies. The West End inner city MLS® area HOP and other housing groups are active in has seen its average residential-detached price double since 1999.

Confirming Winnipeg's tight resale housing market is a chart Clayton Research Associates produces in its monthly national housing report. A five month supply of inventory is considered to be a "normal" market. In October 2004, Winnipeg had the lowest inventory of all major metropolitan cities across Canada with only 2.3 months of inventory. The next lowest is Calgary at 2.9 yet its price increases this year are more moderate compared to Winnipeg's because they built 12,000 to 15,000 new units (combination of single and multi-family) to meet their overall demand for housing.

As a result of demand far outstripping supply in Winnpeg's housing market, new home prices have risen faster than other major markets throughout the country and the average cost of a new home is at $230,000. We have already stated how the existing resale market has had back to back years of double digit increases. Therefore, another clear affect of this market continuing without providing new housing supply is an erosion of housing affordability. In fact, it is already happening as the RBC Housing Affordability Index showed in its November 2004 report that the "largest deterioration in affordability between the second to third quarter was in Manitoba and British Columbia." It refers to Manitoba's supply squeeze and infers our province is becoming one of the least affordable markets in the country. This analysis was made under conditions where new housing supply is still being produced. What will happen a year from now or in two years?

In conclusion, the City of Winnipeg has to move expeditiously to bring on more serviced lots to meet the severe residential lot shortage and strong housing demand well into the future. If it fails to do so, an already extremely tight housing inventory will certainly be exacerbated more and people will not have a choice as to where they wish to live. And it will be for two reasons. There will simply be no available housing for them or only ones that they cannot afford to buy.

As a strong proponent of giving people the ability and right to choose where they wish to live, the Winnipeg Real Estate Board stresses the City of Winnipeg needs to do as much as possible within reasonable cost parameters to provide housing choice options throughout all four quadrants of the city. This includes ensuring housing remains affordable throughout the city given the specter of continued erosion of affordability if more supply is not adequately addressed.

The Winnipeg Real Estate Board is committed to all areas of the city growing in an orderly manner to meet demand and does not see the phased-in, contiguous development of Waverley West inhibiting other developments including infill throughout the rest of the city. Different markets in the city have different buyer segments and it is not as if one development will detract from another. The reality is more lots need to be secured and serviced throughout the entire city or development will go elsewhere.

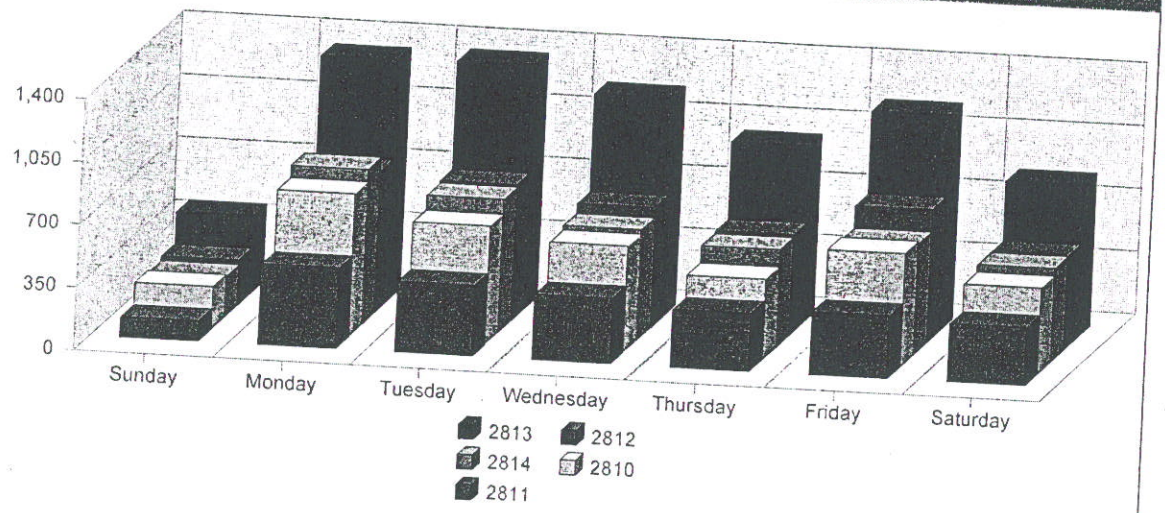
On this basis, it is incumbent on City Council to amend Plan Winnipeg By-law No. 7630/2000 to redesignate lands referred to as Waverley West from rural policy area to neighbourhood policy area.

Attachment 1

Report Description

Report Description:	Watches visitors triggered during the week of Jun 27th, 2004
Report Range:	Week of Jun 27th, 2004
Report Scope:	Historical Data
List Size:	6 of 6

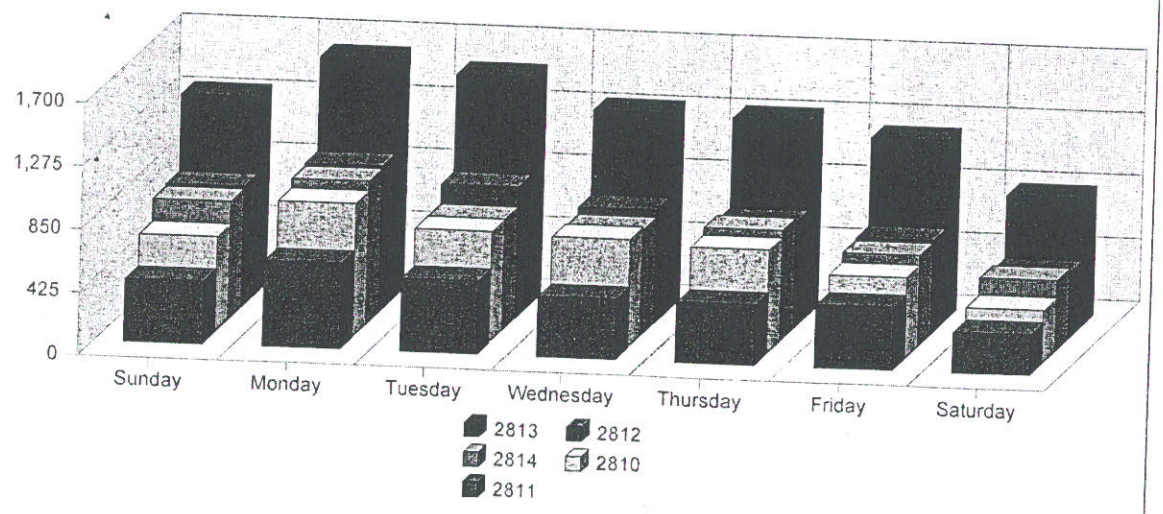
Breakdown



Report Description

Report Description:	Watches visitors triggered during the week of May 30th, 2004
Report Range:	Week of May 30th, 2004
Report Scope:	Historical Data
List Size:	6 of 6

Breakdown



Winnipeg Real Estate Board (WREB) Support for Amending Plan Winnipeg to Change Waverley West Lands from Rural to Neighbourhood Land Use – January 2005

Extremely Tight Housing Inventory

- Very limited number of MLS® residential lots, especially in South Winnipeg
- Historically low supply of resale properties for sale (e.g. national housing report shows Winnipeg as having the least months supply of inventory)
- One of the lowest apartment vacancy rates in country
- Need a healthy balance of existing, new and rental accommodations

Unparalleled Demand for Homes – Big Price Increases

- Demand outstripping supply leading to significant price increases
- In 2004, Linden Woods' average house selling price is up 21 per cent. Fort Garry and Fort Richmond are up 19 and 18 per cent respectively.
- Overall inner city average house selling price is up 17 per cent
- Best MLS® sales in 17 years
- Highest MLS® dollar volume ever – up nearly 18 per cent over 2003
- Sales dollar volume higher than list dollar volume for first time
- Houses remain on the MLS® market a short time
- Demand for houses highest in Southwest Winnipeg (e.g. mls.ca visits)
- Housing affordability is becoming an issue

Need to Offer Choice to Meet Different Market Segments

- Simply stated, choice of housing types and location is imperative
- Like other cities, Winnipeg has different market segments and buyer profiles
- Winnipeggers possess strong neighbourhood/geographic loyalty