

# BUSINESS VANCOUVER

## Government action needed on land shortage crisis: developers

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 [Real Estate \(/sections/real-estate/\)](/sections/real-estate/)

By Peter Mitham

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### Show leadership

They're not making any more land, a truism with real-life implications for an increasing number of players in the Lower Mainland's development sector.

"Fundamentally, we've run out of single-family land," Peeter Wesik, president of Wesgroup Properties, told the Urban Development Institute's (UDI) annual market forecast luncheon at the end of January. "[And] we're running out of industrial land."

This isn't to say there isn't land to be had, or ways of making better use of what exists, but it's challenged by the four riders of the sector's apocalypse: water, mountains, the international boundary and the Agricultural Land Reserve (ALR).

Of these, the ALR is less of an obstacle to development than the others. It's artificial, a tool put in place to protect one kind of use on the assumption that others – specifically, residential and industrial – would continue unimpeded.

But as Wesik pointed out, that hasn't happened.

While pressure on farmland has increased, agriculture is largely insulated from the shortage other sectors are facing.

The situation prompted Jon Stovell, president of Reliance Properties Ltd., to demand, with characteristic candour, that senior government take a hard look at how it wants the region's land base to serve the region in the coming years.

In particular, he called for immediate amendments to Metro Vancouver's Regional Growth Strategy to mandate targets for housing (not to mention other kinds of development).

"We need targets set by regional government to say, 'You have to grow,'" he said. "Until that happens, municipal governments are just going to keep under-entitling land. ... We're never going to get supply to catch up with that [approach]."

And, while it might seem heavy-handed, Stovell said senior government officials must lead the changes because they hold a broader mandate that reflects the provincial interest – which land use, as Moura Quayle, a professor in the University of British Columbia's Sauder School of Business, argued in a 1998 report to the province regarding the ALR, definitely reflects.

## Making do

Still, development continues: opportunities exist, but, as panellists at the monthly breakfast of commercial real estate association NAIOP pointed out a few hours before the UDI lunch, the shortage of greenfield sites requires that they be more creative.

"There's obviously an acute shortage of readily available industrial land in the marketplace, and there will continue to be," said Murray DeGirolamo, executive vice-president of Hopewell Development Corp. "[But] the market is resilient."

DeGirolamo emphasized the need to build strategic partnerships and identify key redevelopment sites, pointing to the success of Dayhu Group in creating a land supply in Boundary Bay as well as Onni Group's development of Golden Ears Business Park through a deal with the Pitt Meadows Airport.

"You just have to continue to dig and be creative," DeGirolamo said. "Despite there being a shortage of inventory and readily developable land, there are obviously deals being done and supply being inputted into the marketplace."

And for anyone who thinks Vancouver is a tough gig, DeGirolamo said the fields really aren't any greener on the other side of the country.

"Toronto is not any easier; in some ways it's more costly," he said. "The timelines to entitlement are longer; there's way more hair on them."

## Rent seekers

Still, land supplies are finite; they're not making any more of it, and developers such as Reliance Properties Ltd. are considering the long-term prospects for rental development.

Reliance' president Stovell sees purpose-built rental projects edging out condos in the city of Vancouver as developers eye the ongoing revenue potential those units can deliver.

"It's the hedge against under-supply," he told the Urban Development Institute at the end of January. "We don't think that municipalities can or will be able to bring enough home ownership supply on; that means relative to incomes, housing ownership is just going to go down and down and down, and that means a higher per cent of the population is going to be renting." •

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