

RI

input

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Looking for a Better Real Estate World

Across the Pond

By Stephen Mullock, B.Comm, RI, REALTOR®
Associate Broker, Royal LePage Wheeler Cheam Realty

REALTOR® Education: Strengthening the Framework

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THE COMMERCIAL MARKET IN METRO VANCOUVER

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As we begin another year, we also reflect on the one just past. 2010 was a very successful year for REIBC: we celebrated our 50 Years of Excellence, held multiple webinars, had a tremendous turnout to our recognition dinner, and sold out the President's Luncheon. We enjoyed seeing you at all these events. Thank you for being so involved!

2011 promises to be just as exciting and busy for the Institute as we endeavour to meet or exceed our members' expectations. This year will see an addition to our bylaws—to be voted on by the membership at June's AGM—that creates the new Board position of President-Elect. We will also continue to build support for the Institute and the industry as a whole by seeking even more involvement from our student members at BCIT and UBC. In the next while you will also see changes to our website as we update it to make it even easier for you to access information.

We wish to thank all the contributors of this issue of INPUT and wish everyone a very prosperous, healthy and happy New Year.

RI

Your assurance of
real estate excellence

Our Mission

The mission of the Real Estate Institute of British Columbia is to advance and recognize excellence in education, knowledge, professional development and business practices uniting all sectors of the real estate industry.





It's hard to believe that one year ago we were preparing to welcome the world to BC to celebrate the Winter Olympic Games and Paralympic Games. Vancouver was home to possibly one of the biggest street parties ever held.

The Games brought some respite and much needed cheer from the economic woes that much of the world has witnessed, though the difficulty encountered in selling the units built as part of the Athletes' Village is perhaps the most visible local real estate sign to indicate we are a long way from the heady days of 2007. Fortunately, the real estate sector is recovering. Sales volumes, rents and average prices are strengthening, and new construction—underway and planned—is growing again, all of particular interest and benefit to our members.

The celebration of the Institute's 50th anniversary was a wonderful event bringing together many members that were—and continue to be—instrumental in the success of our organization and who provide the leadership that ensures our place at the forefront of the real estate industry. This evening for friends and colleagues to reminisce about the Institute was punctuated by the entertaining speech given by our guest speaker, Vancouver icon Trevor Linden.

Your Board updated the Strategic Plan in 2010 with a renewed emphasis on our current member services and opportunities to attract new members. As part of our continual drive for fiscal responsibility and efficiency, our staff will be moving into new office premises this spring—sharing space in the Marine Building (355 Burrard St.) with the Planning Institute of BC.

I look forward to representing your interests in 2011. I hope that you all enjoyed the holiday season and may the New Year bring you happiness and success.

Sincerely,

Peter Bretherton, RI
President

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Market Musing



Real estate markets in BC have performed surprisingly well given global economic forces. The dreaded double-dip in the economy and the housing market never materialized. Household balance sheets are in relatively good shape, while employment in the province has reached a new high. However, this good news is tempered by the realization that economic growth will be somewhat muted in 2011. The US economy is still moving in fits and starts, and the trade side of our ledger will take some time to match its pre-recession fervour.



With this in mind, I offer up some top-of-mind things to watch in 2011. While the list is but a few musings about the economy and real estate markets, I hope they stir some imagination and perhaps even stimulate dialogue.

CONSUMER (DIS)CONTENT

A large reason that the recession in Canada was short-lived was that household balance sheets were relatively healthy. Canada's stodgy lending practices ensured that Canadians could not only endure the downturn, but rise out of the ashes with dry powder and chequebook in hand. The phoenix-like ascendance of the consumer rallied wholesale and retail trade, ricocheted home sales and ramped up new home construction.

However, cheap money has bolstered consumer debt loads, with the typical Canadian now in debt to the tune of 1.5 times their disposable income. While economic growth will help underpin housing demand, the benefits will, at least partially, be offset by a renewed normalization phase in interest rates. Some expected deleveraging by aging boomers may be exacerbated by more general accelerated debt repayment plans by all consumers.

SILVER LININGS

More tepid economic growth is expected through 2011.

The Bank of Canada now doesn't expect the output gap in the economy to converge until 2012, twelve months later than previously forecast. Economic malaise in the US continues, albeit many firms are leaner and meaner today. The silver lining is that less than full potential economic output means little risk of inflation, and that translates into low interest rates lasting longer. Rather, interest rates will rise much more gradually than previous expected, tempering the erosion of housing affordability.

CROWDED IN WHOVILLE

While we debate how long we have before global warming boils our dust speck, it is getting crowded down here. The challenge is how to increase density fast enough to offset the costs of green building. While government is chafing





Cameron Muir

Chief Economist, BC Real Estate Association

Cameron Muir is a well-known economist and housing market expert. He joined the British Columbia Real Estate Association as Chief Economist in November 2006 and since that time he has built the Economics Department from the ground up—providing objective analysis, research and regular forecasts of the economy, housing market and mortgage rates. Before joining BCREA, Cameron spent 10 years with Canada Mortgage and Housing Corporation as Senior Market Analyst for the BC region. He is a member of the Canadian Association of Business Economists and the Association of Professional Economists of BC.

at the bit to implement some kind of green building code, consumers appear unwilling to foot the bill for anything more progressive than granite counter-tops. Perhaps a greater emphasis on bonus density could ameliorate the added cost of saving the planet or at least claiming the moral high ground. As one analyst recently quipped, "Vancouver is the least green city I know." Decades after the Expo Line, there are still stations without a surrounding fully developed, high density neighbourhood.

"GENERAL, THERE ARE NO MORE RESERVES."

Whether you've noticed or not, the unemployment rate didn't climb as high as it did in previous recessions. The rate peaked at 8.3% in December of 2009. However, the unemployment rate hit 10.7% in 1992 and 15.7% 1984. This downward trend is the result of the labour force growing at a much slower rate. By 2020, the labour force is not expected to expand greater than 1% a year. This means a continuing downward trend in unemployment, upward pressure on wages, and lower potential economic output if drastic changes aren't made. Even today, approximately 60% of job openings are just for replacement demand.

DARK HORSE BET

Does anyone oppose HST anymore? Better yet, does anybody want BC-bound investment to divert to Ontario,

It's our expanding population that evens out the rough spots and keeps home builders off the dole. BC is running neck-and-neck with Alberta for the fastest growing population in Canada.

or dare I say Toronto? I've heard a lot about an ongoing debate on the HST, but little about the merits of a value-added tax. My dark horse bet for 2011 is a ratified HST. BC voters may surprise us yet again.

PERPETUAL POPULATION MACHINE

Arguably, it's our expanding population that evens out the rough spots and keeps home builders off the dole. BC is running neck-and-neck with Alberta for the fastest growing population in Canada. More than two-thirds of this growth is attributable to immigration to BC. Many of these individuals have a high net worth; more than half of investor-class immigrants to Canada settle in BC. Over the next 10 years, an additional 320,000 new households will be formed in the province, requiring significant additions to the housing stock and concomitant expansion of office, retail and industrial space.

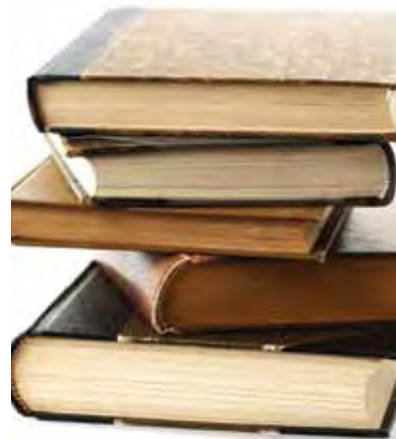
A History of Professional Real Estate Education in BC



Though the first real estate act in British Columbia was passed in the early 1920s to “set minimum standards of practice in the vocation for the protection of the general public in real estate transactions,” there were no mandatory educational requirements in place until almost 30 years later. Pursuant to the *Real Estate Agents’ Licensing Act*, a Real Estate Agents’ Licensing Board was established in 1950 by appointment of the Lieutenant-Governor to set educational requirements. Education then consisted of a pre-licensing course conducted by the Realty Training Bureau, which was operated privately by the then-secretary of the Real Estate Agents’ Licensing Board.

Differences of opinion concerning the early governance, education and organization of the industry were addressed in the Norris Report of 1956, with a new *Real Estate Act* based on the report passed in 1958. In addition to recommending the formation of the Real Estate Council and a BC Association of Real Estate Agents (later to become the Real Estate Institute of BC), the Norris Report also suggested the licensing education requirements be administered by the Faculty of Commerce and Business Administration (now the Sauder School of Business) at the University of British Columbia.

The newly formed Real Estate Council helped establish a Chair at the University of British Columbia that created the necessary educational facilities for the new Division



In 1958, the population of BC was 1,544,000 and there were 3,891 licensees. In 2010, the population of BC is 4,531,000 and there are 20,280 licensees.

of Real Estate Management. The Division was tasked not only with the responsibility for delivering the real estate pre-licensing education course, but also with the goal of providing undergraduate and graduate programs. The first “salesman’s” pre-licensing course was offered in 1958, and in 1959, a separate pre-licensing course for agents was introduced. In 1966, the Division of Estate Management became the Department of Urban Land Economics and handled only the undergraduate and graduate programs, while the pre-licensing courses and the Diploma courses became a separate entity handled along with the Bachelor



Robert O. Fawcett, RI Executive Officer, Real Estate Council

Robert Fawcett is the Executive Officer of the Real Estate Council of British Columbia and has served in this capacity since 1995. During his 31 year association with the Council, he has also served as the Deputy Executive Officer and Assistant Executive Officer. Robert has a diploma in Urban Land Economics from the University of British Columbia and a diploma in Public Administration from the BC Institute of Technology.

Throughout his career, Robert has been involved in varying capacities with several real estate organizations. He has chaired numerous committees and task forces for the Association of Real Estate Licence Law Officials, including serving as District Vice-President, Treasurer and President in 1996/1997. He has participated on numerous industry committees and task-forces and has been a member of the Real Estate Institute of BC since 1986. In 2003, and again in 2009, he served as Chair of the Canadian Real Estate Regulators Group.

Robert is also active in the community having served as President of the BCIT Alumni Association, a Governor of BCIT as well as a two-term President of the Western Institute for the Deaf and Hard of Hearing.



... the pre-licensing courses continue to evolve from the early lecture and correspondence models to today's diversified delivery system that incorporates printed materials, internet resources, live classroom lectures and online lecture components.

of Business in Real Estate degree completion program (BBRE) by the Real Estate Division at UBC.

The initial pre-licensing courses for salespersons and agents have been expanded to now include separate licensing courses not only for Trading Services Representatives and for Brokers, but also for Rental Property Managers (added in 1994) and Strata Managers (added in 2006, after the introduction of the new *Real Estate Services Act*). With oversight from the Real Estate Council, the pre-licensing courses continue to evolve from the early lecture and correspondence models to today's diversified delivery system that incorporates printed materials, internet resources, live classroom lectures and online lecture components. Curriculum design has also expanded from the initial local focus to today's more global outlook, with cooperative curricular initiatives involving the Canadian



Regulators Group and a National Core Curriculum agreement to ensure inter-jurisdictional license recognition across Canada, and indeed internationally. Information with regard to the Real Estate Council's licensing programs can be found at: www.sauder.ubc.ca/Programs/Real_Estate_Division/Licensing_Courses

In addition to the pre-licensing education programs, in 1976 the Real Estate Council made the British Columbia Real Estate Association's (BCREA) applied course a requirement of licensing, with the six-day course offered at the BCIT campus and administered by BCREA. In 1988, the course was offered at the new BCREA classroom space, and although it is still classroom-based and taught by experienced real estate practitioners, the course is now offered in various locations throughout the province each year. In addition, BCREA now offers a version of the applied



Future versions of Re-licensing Education Program (REP) are expected to vary for trading, rental and strata management licensing categories with yet-to-be-decided course content and delivery methods, but licensees are likely to see a continuation of the blended classroom and online formats.

practice course for Trading Services licensees who will be dealing in commercial real estate. Information with respect to the applied practice course can be found at: www.bcrea.bc.ca/potential/rescourse.htm.

Expanding upon the successes of the licensing and applied practice courses, the Real Estate Council has, over the last several years, also had an increased interest in bringing continuing education to licensees across the province. In 2007, the Council began a continuing education program requiring individual licensees to complete additional education for licence renewal. This Re-licensing Education Program (REP) was harmonized with BCREA's own Professional Development Program (PDP) with both programs sharing a common, mandatory course. The Council continues to review REP as the needs of the industry change and has recently appointed a task force to make recommendations. Future versions of REP are expected to vary for trading, rental and strata management licensing categories with yet-to-be-decided course content and delivery methods, but licensees are likely to see a continuation of the blended classroom and online formats. Such an example is the online version of the 2010 *Real Estate Errors & Omissions Insurance Legal Update* course that was recently developed in partnership between BCREA and the Real Estate Division and in satisfaction of the Council's desire to have the mandatory course available through alternate delivery methods.

Past graduates of the licensing and applied practice courses may not recognize the modern presentation and delivery formats of today's offerings; however, they will certainly find that the Council continues to require educational programs that focus on quality learning materials, practical and thought-provoking lessons, and a commitment to professionalism that is a hallmark of the real estate



Information with regard to the Real Estate Council's licensing programs can be found at: www.sauder.ubc.ca/Programs/Real_Estate_Division/Licensing_Courses

industry. The next several years will no doubt see a further embracement of technology in the licensing and applied practice courses in order to satisfy the varied learning styles of those individuals taking licensing courses for the first time or those licensees taking additional licensing courses to add endorsements (e.g. rental property management, strata management, or broker) to their existing licence.

The success of the licensing courses is due in large part to the vision of many of BC's real estate leaders and educators over the past 50 years. Individuals such as Herb Fullerton, Philip White, Stan Hamilton, Irwin Davis, and Dermot Murphy, to name a few, were instrumental in laying the framework on which much success has been built. This success continues under the capable leadership of Robert Laing at BCREA, and David Moore and Andre Gravelle at the Sauder School of Business, and the Council very much appreciates the work of all of these individuals.

REALTOR® Education: **STRENGTHENING THE FRAMEWORK**



Education is a centerpiece of any discussion on professionalism. Today, the Real Estate Board of Greater Vancouver is a partner in a national initiative aimed at strengthening the educational framework for REALTORS® in Canada. This initiative is in response to longstanding demands from REALTORS® across the country to improve education, ethics, professionalism and REALTOR® public image. Our research tells us that both REALTORS® and consumers point to professionalism as being fundamental to a positive and mutually beneficial working relationship. Both groups indicate that professionalism involves ethical behaviour and continuing education and development.

Education within the profession has come a long way in recent decades with the introduction of various continuous learning programs such as the Professional Development Program (PDP) that is in place in BC. There's a belief, however, that significant improvements can be made.

In the competitive world of real estate, the ability to distinguish one's self from others is a key to everyday success. However, lasting improvements to REALTOR® image and the professional landscape will come from strengthening and promoting what REALTORS® have in common as professionals. There is a public expectation that an individual who holds a professional title, such



Bob Wallace

CEO, Real Estate Board of
Greater Vancouver

Bob Wallace is Chief Executive Officer of the Real Estate Board of Greater Vancouver (REBGV), Canada's third largest real estate board. The Board represents more than 10,000 REALTORS®. Under Bob's leadership, the REBGV has achieved the Order of Excellence, which is the highest certification offered by the National Quality Institute. The National Quality Institute was founded in 1992 by Industry Canada to advance organizational excellence across Canada.

Originally from Saskatchewan, Bob received a Bachelor of Commerce from the University of Saskatchewan and is a Member of the Institute of Chartered Accountants and a Fellow with the Institute of Chartered Accountants of BC. He has served as a Director of public companies in the oil and gas industry and in the forest products industry. He is currently serving on the Board of Directors for the BC Land Title & Survey Authority, which was created by the BC government to manage land titles and surveys in BC. He is a Director of the Canadian REALTORS® Care Foundation, and has also served as a Director of the national MLS® and Technology Council, which is charged with steering the future of technology in organized real estate in Canada.

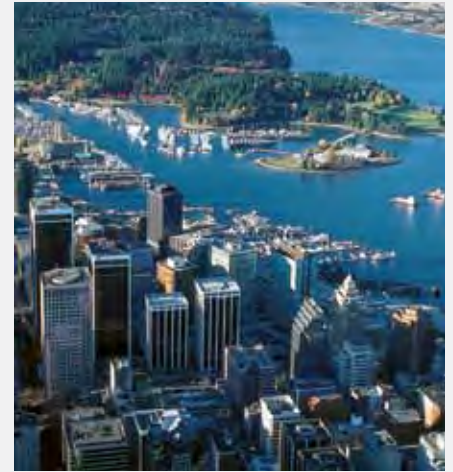
as a lawyer or doctor, has certain fundamental skills, knowledge and qualities solely because they are a part of that professional group.

The term “body of knowledge” is used to represent the full collection of concepts, terms and activities that comprise a professional domain, as defined by the relevant professional association. A practitioner within any profession is expected to possess a core set of competencies and apply it with a certain level of proficiency throughout their career. The body of knowledge for REALTORS® is presently gained through mandatory pre-licensing education and post-licensing programs, such as PDP and the Real Estate Council of BC’s Re-licensing Education Program (REP). Training and education in real estate is also accessed through various other



avenues, but not uniformly to everyone licensed to be a REALTOR®.

All professions grapple with the challenge of ensuring their practitioners have, from the outset of their career and beyond, the necessary foundation of knowledge to do their work effectively, and systems for adapting learning approaches and materials as changes in the real world occur. Reviewing these concerns is central to a profession’s



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The CBE structure recognizes the need for new entrants to learn technical knowledge as well as on-the-job insight, through mentorship from experienced and trained practitioners within their own companies.

credibility with the public its members serve. So what can be improved?

There is a need to explore professional education standards that may be expected of any REALTOR® in any province. There are several core competencies critical to being a practitioner in a profession regardless of the province in which you practice. A common thread in the feedback that I hear centres on the need for a “REALTOR® value proposition” that enhances awareness and understanding of “value for service provided” from both public and REALTOR® perspectives.

So how can this be accomplished? REALTORS® need timely, dynamic educational tools that help them

meet and exceed the diverse and changing expectations of their clients. We’re exploring competency-based education (CBE) as a comprehensive delivery model for professional education. Our research has found this model to be the most effective and agile structure for delivering the necessary core competencies to practitioners within a profession. CBE integrates education and experience. Technology as a delivery mechanism is critical to this model.

The CBE structure recognizes the need for new entrants to learn technical knowledge as well as on-the-job insight, through mentorship from experienced and trained practitioners within their own companies. The legal, medical and

accounting professions within Canada have implemented CBE programs with great effectiveness.

We recognize that REALTORS® across Canada do not all provide the same services nor function within identical business models. However, they all have one thing in common: they are licensed to protect the interests of their clients. To help achieve this end, our members look to their professional associations to raise the bar on education, training, ethics, and professional standards.

Our members recognize that they are not just selling real estate; they’re representing the interests of the people who hire them. Just as the public demands more from REALTORS® today in terms of skills, knowledge and expertise, REALTORS® too increase their demands of organized real estate to help them prepare to meet the needs of today’s and tomorrow’s consumer.

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CREA and the Competition Bureau Consent Agreement

At The Canadian Real Estate Association's (CREA) Special General Meeting held in St. John's, Newfoundland on October 24, 2010, 97% of delegates representing CREA's member Boards and Associations voted to ratify the Consent Agreement with the Competition Bureau.

This is good news for all REALTORS® as it brings to a close the uncertainty that the litigation with the Commissioner of Competition had brought to our industry. Most importantly, it allows all of us to focus on what we do best—helping property buyers and sellers make some of the most important financial transactions of their lives.

With this agreement we were able to address the Commissioner of Competition's concerns that CREA's rules prevented or discriminated against mere postings—or members providing, or wanting to provide—a mere posting service. From the beginning of this process we disagreed with the Competition Bureau's assessment, as it was always clear to us, and reflected in current practices, that our rules allowed for many different business and service models including mere postings. As a result of our discussions, we were able to clarify the existing rules and make it clear to the Commissioner of Competition that CREA's member Boards and Associations cannot discriminate against different kinds of business models.

Stories in the media, while generally accurate, have contributed to confusion about the agreement itself, and what it really means for the public. Certain media reported anyone could now post listings on

Georges Pahud President, The Canadian Real Estate Association

Georges Pahud is President of CREA for 2010. He previously served as President-Elect, and Director-at-Large. He has been licensed in real estate for over 35 years and has been licensed as a Broker for more than 30 years. He is currently Associate Broker with Prudential United Realty in Vancouver, BC. Georges was a Director of the Real Estate Board of Greater Vancouver, and most recently served as his Board's President. He also served as a Director with the British Columbia Real Estate Association in 2003 and 2004.

The trademarks REALTOR®, REALTORS®, and the REALTOR® logo are controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA.

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a Board's Multiple Listings Systems (MLS®), which is inaccurate.

Let me state unequivocally that Boards' MLS® Systems remain a member-to-member service.

Only real estate professionals who are members of their local real estate board and CREA—and who subscribe to the ethical standards of the REALTOR® Code—are allowed to call themselves REALTORS®. Only REALTORS® can post to Boards' MLS® Systems. In order for a REALTOR® to list a property on their local Board's MLS® System, they must comply with the rules for the efficient operation of the system, and must also comply with all federal and provincial regulations.

As a result of increased media coverage of the issue, consumers and the public now have an increased awareness of the range of services a REALTOR® can provide and the myriad of options for buying and selling homes.

Only real estate professionals who are members of their local real estate board and CREA—and who subscribe to the ethical standards of the REALTOR® Code—are allowed to call themselves REALTORS®

But what does the agreement mean if you're a REALTOR®?

It shouldn't be news that you work in one of the most competitive segments of the economy today. There are 100,000 REALTORS®, and other real estate practitioners, in Canada and thousands of brokerages all competing for the right to sell property or to represent someone looking to purchase property. This agreement doesn't mean you have to change how you're doing business, although it may influence how you choose to do business in the future.

I'm not one to advise what business model you should adopt. However, this is a great opportunity for you to review your current business

model. This is a perfect time to look at competitors and their business models, research the services buyers and sellers in the area want, and if it makes sense, find a way to offer those services before the competition does.

We live in an era of deep change. The real estate market, like every other facet of our economy, has evolved and will continue to change over the next few years. I remain convinced that those REALTORS® who meet (and surpass) their clients' needs and expectations will thrive, now and throughout their careers.



LOOKING FOR A BETTER
REAL ESTATE WORLD

Across the Pond

The Canadian real estate agent or REALTOR® has been under pressure for many years to modify commission fee structures that many view as being too high and uncompetitive. Perhaps a new model is needed, and while that is debatable, a look at how other countries deal with real estate agents is a good place to start.



Stephen Mullock, RI

B.Comm, RI, REALTOR® Associate Broker,
Royal LePage Wheeler Cheam Realty

Stephen has been in various facets of the real estate industry since graduating from the University of British Columbia in 1980 with a Bachelor of Commerce in urban land economics and finance. Following his father into the Chilliwack real estate sales field Stephen for a time pursued a career in residential appraisal. Stephen became President of the Chilliwack and District Real Estate Board in 1997 and was re-elected for two further terms. He was awarded the prestigious CADREB Realtor of Distinction Award in 2003. In 1983 he achieved professional member status with the Real Estate Institute of British Columbia (REIBC) and was its president in 2002 – 2004. Since, 2006 he has served as the REIBC appointee Governor to the Real Estate Foundation of British Columbia. Stephen lives with his family in the small town of Agassiz working as a Realtor® with Royal LePage Wheeler Cheam Realty in Chilliwack.

I was watching that great British holiday movie, “Love, Actually,” with all that lovely London scenery and began to wonder if the real estate sales process in England was much like our Canadian adventure. Luckily, real estate is all around us—kind of like love, actually—and all I had to do was contact my English cousin Dave to find out about buying and selling residential real estate across the pond. It turns out he had just sold and purchased a new residence.

SURPRISE... THERE ARE BIG DIFFERENCES, ACTUALLY.

Unlike the Canadian Multiple Listing Service, which provides country-wide coverage for real estate listings, no such all encompassing real estate marketing internet platform exists in the United Kingdom. My cousin’s first decision, therefore, was to decide whether the property should be listed exclusively with just one or two agents. He could have listed it with an unlimited number of agents, but if the chance for success was split among too many would anyone really work it? Having a couple of motivated agents working for him might be more likely to give the result he was looking for: a quick sale. To sweeten the pot he decided that he would offer the agents 1.5% of the sale price with the .5% going to the agent that failed to bring the sale. Of course, no expenses would be paid in the event the property never finds a Buyer.

While the agents were encouraged to show the property, for the most part their role (beyond internet marketing) was to make appointments for Buyers to directly contact the Sellers so that a viewing time convenient to the two could be decided upon. This would usually take place without an agent’s involvement.



Why aren't Buyer agents as prevalent in England as they are in Canada? Perhaps it is because listing agreements are exclusive in nature without any provisions for a third party Buyer Agent.



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My cousin is a pretty sophisticated businessman, so there was soon a Buyer—good news! Now, Buyers don't have real estate agents to protect their interests; it is a matter of caveat emptor—buyer beware. Why aren't Buyer agents as prevalent in England as they are in Canada? Perhaps it is because listing agreements are exclusive in nature without any provisions for a third party Buyer agent. Then again, given such a low fee structure maybe it is not worth the risks involved.

Fortunately for Buyers they can enter into a non-binding "Interim" agreement which can only be drawn up by the Seller's agent. A Home Information Package on each property to provide background information is the rule. If the lack of Buyer representation alarms you, it shouldn't: all sorts of people can offer advice, and no one is restricted to having a real estate license or law degree to provide guidance. Besides, Interim contracts are non-binding, so the both the buyer or seller can always walk away at any time while conditions are examined. Sellers can also advise the Buyer that they have reconsidered and need more money, while Buyers can also offer less. Joking aside, some protection is provided from a check of the property by a Chartered Surveyor.



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Interim contracts are non-binding, so the both the buyer or seller can always walk away at any time while conditions are examined. Sellers can also advise the Buyer that they have reconsidered and need more money, while Buyers can also offer less.

There is, of course, always a chance of “gazundering” the contract. “Gazunder” is a British slang term for the Chamber Pot or Thunder Mug, take your pick. A gazunder can happen in a number of ways. The Buyer may lead the Seller on to a point of no return and announce that they are no longer willing to pay the price agreed to but will pay (drum roll and gazunder, please)...a new lower price. In contrast, a Seller can do a “gazumping”—that is, demand a higher price at the last minute.

At some point, an “exchange of contracts” beyond the Interim agreement takes place between the Seller’s and Buyer’s solicitors and a binding agreement is reached. Usually, a two-week period extends to the completion and possession of the property. A stiff “non-refundable” deposit of 5–10% is taken along with a further promise to cover all expenses of the Seller should the Buyer renege on the transaction. These contracts cover all items including who gets to keep the carpet, the curtains, and the garden shed.

The lesson to be learned is that comparing one country to another based on real estate fees is very naive. England may have a lower fee schedule but their system does not provide a lot of protection to Buyers, does not have the surety of a Canadian written contract, does not have REALTOR® involvement from start to finish nor provide exposure to a broad national market. The Canadian system appears to be considerably better, actually.



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Current Courses

(X) = Number of AIC CPD Credit Hours

Getting to Green - Energy Efficient and Sustainable Housing (7)	Seniors Facilities Valuation (4)
Green Value - Valuing Sustainable Commercial Buildings (7)	Land Valuation (7)
Real Property Appraisal and IFRS (4)	Appraisal Review (7)
Residential Appraisal Basics (10)	Lease Analysis (7)
Commercial Appraisal Basics (10)	Real Estate Consulting: Decision Analysis (10)
Request for Proposals (RFPs) (7)	Real Estate Consulting: Critical Thinking, Research & Risk Analysis (10)
Business Enterprise Valuation (7)	Real Estate Consulting: Forecasting (13)
Valuation of Property Impairments and Contamination (10)	Urban Infrastructure Policies (7)
Hotel Valuation (7)	Urban Infrastructure Applications (10)
Highest and Best Use Analysis (4)	Agricultural Valuation (10)
Multi-Family Property Valuation (7)	Exposure & Marketing Time: Valuation Impacts (4)
Machinery and Equipment Valuation (7)	Expropriation Valuation (4)
Office Property Valuation (7)	Adjustment Support in the Direct Comparison Approach: Hybrid Adjustment Technique (4)
	Submerged Land Valuation (7)

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Real Estate Division



The Commercial Market in Metro Vancouver

Rooted in real estate lending practices, the recent credit crisis fundamentally changed the global economy. Real estate investors, lenders and professionals across the globe were forced to prospectively re-evaluate their portfolios, lending practices, and operations while desperately working to weather the storm of widespread economic downturn.

Cautiously emerging from this environment, Metro Vancouver boasts one of the world's strongest commercial real estate markets—proving to be remarkably resilient throughout the economic crisis. The strength of our market can be largely attributed to three factors: capital inflow, investor attraction to Metro Vancouver, and the constrained supply of metropolitan commercial assets.

CAPITAL INFLOW

The complexity and volatility of non-tangible financial assets exposed during the credit crisis prompted a reactionary flight of investor capital to direct investment in tangible “brick and mortar” assets such as commercial real estate. Furthermore, investors are now placing greater emphasis on the cash flow that real estate provides as opposed to capital appreciation. The attraction to real estate investment is not only demonstrated by the intensified demand for direct real estate investments, but also by the great success Real Estate Investment Trusts (REITs) have had in raising capital over the past year.



Avtar Bains

Executive Vice President,
Colliers International

Since entering the real estate brokerage industry, Avtar Bains has focused his activities on the sale of investment properties. With 30 years of experience in commercial real estate at Colliers International, Avtar has completed over \$8.7 billion in transactions.



Another shift in the profile of active capital in the Metro Vancouver marketplace has been the growing prominence of private capital in large scale investment transactions. Domestic and foreign private investors' participation has been encouraged by:

- **Availability Of Inexpensive Debt**
- **BC's Relative Economic And Political Stability**
- **Willingness To Pay A Premium For Desired Assets By Focusing On An Asset's Attributes As Opposed To Exclusively On Price**

Metro Vancouver's commercial real estate market has particularly benefited from the inflow of capital encouraged by these factors, which has significantly increased demand for quality investment properties in our marketplace.

INVESTOR ATTRACTION TO METRO VANCOUVER

Since the early 1980s, real estate investors have favored Canada's stability during global economic downturns—with the recent credit crisis being no exception. Since 2008, Canadian commercial real estate has demonstrated noted resiliency with significantly less devaluation than other comparable developed markets. Investors are attracted to BC's healthy economy and growth prospects; the province has had one of the strongest economic markets in North America over the past 18 months, driven by the real estate, resource, technology, and tourism industries.

Of course, one must also consider Metro Vancouver's advantage in hosting a very successful 2010 Winter Olympic Games and the favourable impact this has had on its economy, investor perception, and subsequent demand for real estate assets. As

The strength of our market can be largely attributed to three factors: capital inflow, investor attraction to Metro Vancouver, and the constrained supply of metropolitan commercial assets.





a result of the Games, Metro Vancouver was introduced to a global television audience of over 3.5 billion as a great place to live, visit and invest. A lasting, tangible impact of the Games is the transformative infrastructure improvements that have and will significantly enhance the commercial real estate values in the communities they directly serve, including:

- **CANADA LINE ALRT SYSTEM**
Cambie Street Corridor
- **CONVENTION CENTRE WEST**
Burrard Landing
- **BC PLACE REFURBISHMENT**
Stadium District
- **OLYMPIC VILLAGE**
Southeast False Creek
- **SEA-TO-SKY HIGHWAY**
Lions Bay, Britannia Beach, Squamish, and Whistler

Driven by these attributes, Metro Vancouver boasts the healthiest real estate market in North America with respect to liquidity and value.

CONSTRAINED SUPPLY OF METROPOLITAN COMMERCIAL ASSETS

Metro Vancouver is settled around a geographically constrained urban centre. This land constraint supports land values, which are a function of realizable profit, and ultimately supports the value of investment assets by elevating their replacement cost. Economic growth within the context of a near-static land supply limiting new commercial development will undoubtedly drive rental rate growth and subsequently income appreciation over the long term.

Vancouver also has a short supply of investment-grade commercial assets, particularly “trophy” assets. This is best demonstrated by the city’s status as one of North America’s

Economic growth within the context of a near-static land supply limiting new commercial development will undoubtedly drive rental rate growth and subsequently income appreciation over the long term.



tightest office markets, prompting an expectation of a significant escalation in rents for downtown core office space given the limited supply of alternatives in the face of growing tenant demand, particularly for large contiguous space. These market factors have pushed investor demand for Vancouver downtown core office assets to an all-time high, prompting almost 2 million square feet of new office space to be planned for development within the next five years.

OUTLOOK

The favourable tailwinds of relative economic and political stability, strong growth prospects, growing international prominence, and the constrained supply of investment-grade assets and land will continue to support the Metro Vancouver commercial real estate market.

In the current global investment climate characterized by uncertainty and volatility, our own backyard is a good place to be!

Calendar of REIBC Events



MARCH 23, 2011 | REIBC EDUCATION SYMPOSIUM

On March 23rd REIBC will host an educational symposium with Keynote Speaker Mr. Larry Beasley who will speak to guests about all aspects of city design and urban planning. He is largely credited with the transformation of Vancouver's downtown core along New Urbanism known as Vancouverism or "The Vancouver Model". Following there will be forums of discussion on current real estate issues. Please visit www.reibc.org for more information.

JUNE 16, 2011 | 2011 RECOGNITION DINNER

Join us for this evening of visiting old friends and meeting new ones as we recognize and celebrate the accomplishments of our members. The evening will begin at 6:00 pm PST at the Terminal City Club, 837 West Hastings Street, Vancouver, BC. The Award of Excellence will be presented this evening, as well as service awards. Join us for this fun filled event.

JUNE 16, 2011 | ANNUAL GENERAL MEETING

The 2011 Annual General Meeting will be held at 5:00 pm. PST at the Terminal City Club, 837 West Hastings Street, Vancouver, BC on Thursday, June 10, 2011 for the purpose of:

- Receiving and considering the Financial Statement of REIBC for year ending March 31st, 2011 and the Auditors Report Thereon;
- Appointing auditors for the ensuing year;
- By-law amendments;
- Transacting such other business as may properly be brought before the meeting.

JUNE 22, 2011 | 18th ANNUAL REIBC GOLF TOURNAMENT

In support of the Make a Wish Foundation

QUESTIONS?

For more information visit www.reibc.org



FLOODING and FLOOD HAZARD MANAGEMENT in BC

When you think of the challenges facing British Columbia, flood hazards are probably not at the top of your list. However, flood hazards exist and need to be considered if you are involved in real estate.

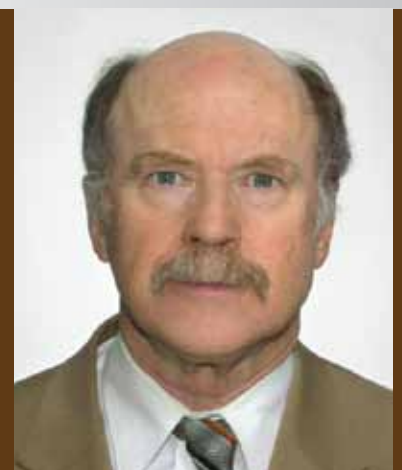
MULTIPLE FLOOD HAZARDS IN BC

Flooding is a natural event that replenishes ground water and revitalizes soil through the deposit of sediments, and is a common hazard in BC due to our geography and climate. There are many different types of flood hazards in BC including spring snowmelt in streams and rivers (freshet flooding), extreme rainfall events, rain-on-snow events, ocean storm surges, ice jams, tsunamis, dam failures, debris flows, and debris floods.

Floods become problematic when communities and infrastructure are located within flood-prone areas such as river valleys, floodplains, and other low-lying lands near water. For example, over 300,000 people now live in the Lower Fraser River floodplain. A major flood in this area would result in severe social, economic and environmental impacts, including risk of injury and loss of life, billions of dollars in damages to private and public property, temporary loss of infrastructure and community services, business losses, degradation of water quality, and negative impacts on the natural environment including fish and wildlife

Graham Farstad, MCIP

Graham Farstad is a land use planner and principal with the Arlington Group Planning + Architecture Inc. He has over 30 years experience as a city planner and in the consulting field. He has worked on numerous flood hazard management projects with the Fraser Basin Council, local governments, and private sector clients.



habitat. The following map produced for the Fraser Basin Council illustrates the extensive floodplain areas along the Lower Fraser River.

In most years this situation does not manifest as a problem; however, flooding can occur in any given year. In 2010 alone, extensive flooding occurred on northern Vancouver Island and the central coast, and in the Okanagan a private dam near Oliver failed causing major damage to buildings and orchards. Fortunately there was no loss of life.

INTEGRATED FLOOD HAZARD MANAGEMENT

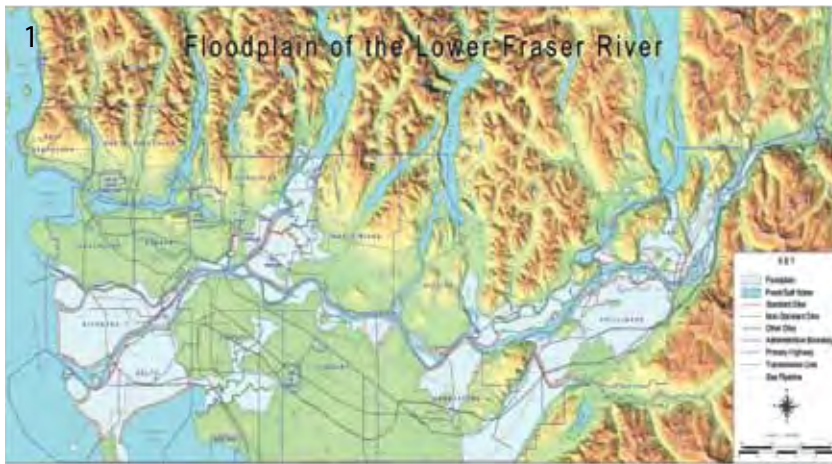
There are four basic ways to manage flood hazards:

1. **Avoid the risk of flood damage by locating development away from flood hazard areas.**
2. **Use structural protection measures to control flooding, including diking systems, erosion protection and/or modifying river channels.**
3. **Modify a building or lot through floodproofing techniques to reduce the property's risk of flood damage.**
4. **Emergency planning, preparedness and response, including evacuation, emergency shelters, and flood-fighting activities such as sandbagging and other temporary works.**

An important foundation for all of these approaches is to have accurate information about the nature and extent of flood hazards and community vulnerabilities. It is also advisable to implement an integrated approach to flood hazard management that includes multiple lines of defense. Although the most effective and affordable means of flood management is to avoid development in flood hazard areas, this is not always possible or practical due to historic development patterns, a limited developable land base, and economic considerations. For example, many historic communities in the Lower Mainland including Ladner, Queensborough, South Westminster, Clayburn and Matsqui villages in Abbotsford, Agassiz, downtown Port Coquitlam and downtown Chilliwack were built at low elevations and cannot be elevated to current flood construction levels.

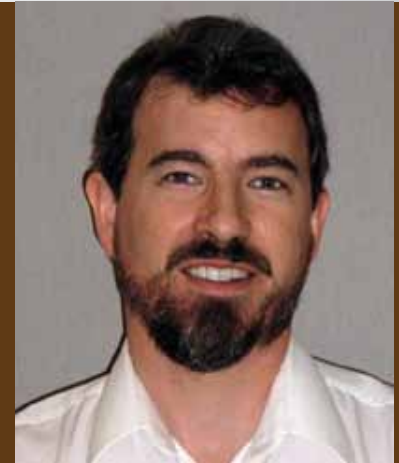
When development has already taken place in a flood hazard area such as a floodplain, structural measures may serve as the first line of defense for flood protection. Flood protection dikes are designed, constructed and maintained to protect against the "design flood." In BC, this is a flood event that has an estimated probability of occurring once in 200 years. The design flood for the lower Fraser River is the 1894 flood, the largest for which records exist. Although structural

- 1 Floodplain of the Lower Fraser River
- 2 1972 Kamloops Flood



Steve Litke, MRM

Steve Litke has worked with the Fraser Basin Council since 1998 and is the Senior Manager responsible for the Integrated Flood Hazard Management Program. Steve graduated from Simon Fraser University with a Master's Degree in Resource and Environmental Management.



protection has been effective at managing flood damages for many communities in BC to date, dikes have design limits and they can fail. Therefore, additional approaches to flood management are recommended.

Floodproofing consists of on-site measures to reduce the risk or the impact of flooding. On-site measures vary according to the nature of the risk, historical circumstances, jurisdictions, and land uses involved. Typical on-site measures consist of ensuring minimum building setbacks from a flood hazard, providing scour protection to protect a foundation from being undermined from fast flowing water, and establishing minimum Flood Construction Levels (FCLs). The latter refers

manage land use in flood hazard areas. A key provision removed the requirement for the BC Ministry of Environment to approve subdivision plans and floodplain bylaws within flood hazard areas. Approving Officers were granted the authority to require an engineering report and covenant on land subject to flood hazards—similar to the authority already held by building inspectors. In addition, the grounds for an Approving Officer to refuse a subdivision were broadened to include flooding and erosion.

Local government bylaws in flood hazard areas were allowed to proceed provided that Provincial Guidelines are taken into consideration. The Provincial Guidelines are designed



The Provincial Guidelines are designed to reduce or prevent injury, human trauma and loss of life, and to minimize property damage during flooding events.

to a minimum elevation of habitable space above the design flood plus an additional safety margin called “freeboard.” The FCL is measured from the underside of a wooden floor system or the top of a concrete slab.

Emergency planning, preparedness and response efforts also need to be in place prior to a flood event in case other preventative measures fail. Local and First Nations governments play key roles in emergency management. If their resources are exceeded, provincial and possibly federal resources can assist. As a last resort, Disaster Financial Assistance is available to help property owners and others with recovery efforts to clean up, repair, and rebuild after a flood. Disaster Financial Assistance is administered through the Provincial Emergency Program.

RECENT POLICY AND PROGRAM DEVELOPMENTS

In 2003 and 2004, a series of changes were made to the Land Title Act, the Local Government Act, and three other provincial statutes. The intent of these legislative changes was to provide greater authority to local governments to

- 3 Prince George 2007
- 4 1948 Flood in Mission
- 5 1948 Hatzic Break

to reduce or prevent injury, human trauma and loss of life, and to minimize property damage during flooding events.

Authority was given for local governments to establish minimum setbacks from watercourses and dikes; to specify minimum flood levels for habitable dwellings, businesses, and the storage of goods susceptible to damage by floodwaters; and to specify structural support necessary to protect buildings. Flood hazards must be regulated in a way that is consistent with Provincial Guidelines or in accordance with a report certified by a professional engineer or geoscientist experienced in geotechnical engineering stating, “that the land may be used safely for the use intended.” A covenant may be used to register such reports under Section 219 of the Land Title Act.

The BC Flood Protection Program was initiated in 2007. This 10-year program provides federal and provincial infrastructure funding to assist local authorities with projects such as dike upgrades and erosion protection.

4



5



CONCLUSION

There are multiple flood hazards and vulnerabilities that BC communities face. These hazards warrant an integrated approach to management including a strong foundation of accurate information about local hazards and management strategies.

An informed public is an important component in flood hazard management. Well-informed businesses, homeowners and citizens will be in a better position to protect themselves, their families and their properties from flood risks. Governments provide public information, but there are also important roles for the private sector—including real estate—to help inform the public and other constituencies about flood hazards and mitigation options. For example, the media, insurers, and realtors have unique opportunities to reach and inform the public, businesses, homeowners and homebuyers about flood issues in ways that governments cannot. For more information, please visit:

www.env.gov.bc.ca/wsd/public_safety/index.html

www.pep.gov.bc.ca

www.fraserbasin.bc.ca/programs/flood.html

CONGRATULATIONS on your Retirement

Tim Pringle, RI

REIBC is pleased to have had the opportunity to collaborate with Mr. Pringle during his successful career at the Real Estate Foundation of BC. Tim Pringle assumed the position of Director of Special Programs in November 2008 after serving 20 years as Executive Director of the Real Estate Foundation of BC. Throughout his career he has interacted with a wide range of practitioners representing many sectors: local government, planning, real estate, non-profit housing, stewardship and conservation, post-secondary education, and economic development. This interdisciplinary collaboration has contributed to the wider perspective now held by the real estate community regarding settlement and ecological issues in the province.

He is an RI well respected throughout British Columbia, and REIBC would like to congratulate Tim on his long awaited and richly deserved retirement. *We wish you all the best, Tim!*



MEMBER PROFILE

John Eastwood, RI

Real Estate Institute of British Columbia



John Eastwood has been a Professional member with REIBC since 1981 and is a Past President of the Institute in 1988. A qualified mediator, a graduate of the Urban Land Economics program at the University of Manitoba, he is also the owner of Eastwood & Associates which mainly serves the South Delta area with its offices in a 100 year old heritage house in Ladner.

He is married to Bryanne and has two daughters, Lisa and Megan and has three grandchildren. On his spare time John enjoys cruising the Gulf Islands and San Juan Islands in the summer with his family on their power boat "Notarius I", during the winter months you can find him on the local slopes as he enjoys skiing.

John was recently elected President of the Board of Directors of The Society of Notaries Public BC. John has been a Director of The Society for more than a decade, and his active Notary practices serve the South Delta area. He currently sits on two boards, The Society of Notaries Public BC and the Notary Foundation.

REIBC would like to congratulate the esteemed Mr. Eastwood on his ongoing contribution to the real estate industry and on his new appointment at the BC Notaries.

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