

# The Daily Courier

## Price of oil affects everyting

Steve MacNaull | Posted: Friday, January 30, 2015 3:54 pm



### David Porte and Andrew Bruce

Low oil prices will have both positive and negative impacts on housing, according to David Porte, left, chairman of Urban Development Institute, Pacific Region, and Andrew Bruce the president of the Okanagan chapter of the group.

Developer David Porte is the first to admit his housing forecast for this year is all over the place.

“It’s pretty wild out there,” Porte told an Urban Development Institute lunch crowd at Kelowna’s Coast Capri Hotel this week.

“I want to say there will be a balanced market in the Okanagan, but the big cavat is oil prices.”

Porte is chairman of the Vancouver-based Pacific Region chapter of the Urban Development Institute and also has his own company in the city called Porte Development.

“Real estate does best when there is consumer confidence, but confidence has been knocked by low oil prices, low gold prices and a low Canadian dollar,” he said.

“But mortgage interest rates are low and they are a huge driver, so I don’t know how it will all even out in the housing market.”

Low oil prices mean we’re paying a lot less at the pump and eventually the price of almost everything might come down because the price of oil is factored into the manufacturing and transport of almost all goods and services.

However, the caveat in the Okanagan to which Porte refers is the fact that about 5,000 workers call the Valley home, but commute to jobs in Northern Alberta's oil patch.

If sliding oil prices mean layoffs in the sector, those workers could be coming home to the Okanagan full-time and looking for work.

They will probably hang onto their home, but they certainly won't be renovating or upgrading with uncertain job prospects.

Home sales to new oil patch workers who want to call the Okanagan home will dry up because the sector simply isn't hiring right now.

The Okanagan could be creating some jobs with older workers retiring and liquefied natural gas set to take off.

That could give locals some solace and first-time homebuyers may decide to take the plunge with low interest rates and move-up buyers might upgrade for the same reason.

Okanagan vacation home sales to Albertans are expected to suffer because of low oil prices.

"It will certainly affect sales of moderately-priced homes," said Andrew Bruce, president of Urban Development Institute's Okanagan chapter and development manager at Melcor, which is building homes at Black Mountain golf course.

"But, for high-end product, the Albertans that have already made big money will still come."

While the forecast is mixed, Porte is ultimately hopeful.

"Despite everything, developers and British Columbians are optimists," he said.

"We always find a way to move forward."

However, the way forward isn't necessarily the traditional single-family home in the suburbs.

"People may be willing to live in a condominium or townhouse if they live in a great neighbourhood with shops and restaurants and parks," he said.