

COVER As a hotspot for B.C. and Alberta boomers, the South Okanagan juggles rapid growth and land shortage

# Oh, Osoyoos!

CURT CHEREWAKKO  
WESTERN INVESTOR

The 66-year-old Hanson house was a storied building in Osoyoos and stood prominently on the Lake Osoyoos waterfront.

But this spring, it garnered more attention in demolition than it ever did in life, when John Slater, Osoyoos' mayor, drove a bulldozer through it.

A new \$110 million resort condominium – the city's first seven-storey structure – is being built in its place, amidst a flurry of new development in Osoyoos and the surrounding region.

It's the first time that Osoyoos city council has approved a structure higher than four floors, and it is one way the city is confronting a pressing issue: surrounded by protected agricultural land, Osoyoos is rapidly running out of developable property.

"You want to try to utilize your land the best way possible," said Slater. "Densification rather than urban sprawl is a good thing."

"We don't want to be as big as Peniticon or Kelowna. The tough part is we've been discovered."

An influx of boomers, eagerly preparing for retirement, has set developers into high gear in the South Okanagan. Osoyoos over the last five years issued 61 per cent more building permits than in the previous five years.

"We are getting a lot of investments from people that are near retirement and they want a little piece of the dirt in the area," said Slater.

Indigo, the resort condominium replacing the Hanson house on the Lake Osoyoos waterfront, enjoyed \$70 million in opening day sales last fall when its 130 luxury condos were placed up for grabs.

"What they're doing is investing their money today with the idea that they're hedging their inflation bets."

The Hanson house, bought by the Hanson family in 1986 for \$300,000, sat on a property that is now valued at roughly 10 times that price.

Days after its demolition, the doors opened at the \$45 million Walnut Beach Resort, located north along the waterfront from Indigo's future site.

Walnut Beach features 112 suites and 800 feet of private beach on Lake Osoyoos – a highly marketable feature in a town where waterfront property is a scarcely available commodity.

## \$1 million cottages

Prices for single-family homes or cottages on the lake start at \$1 million.

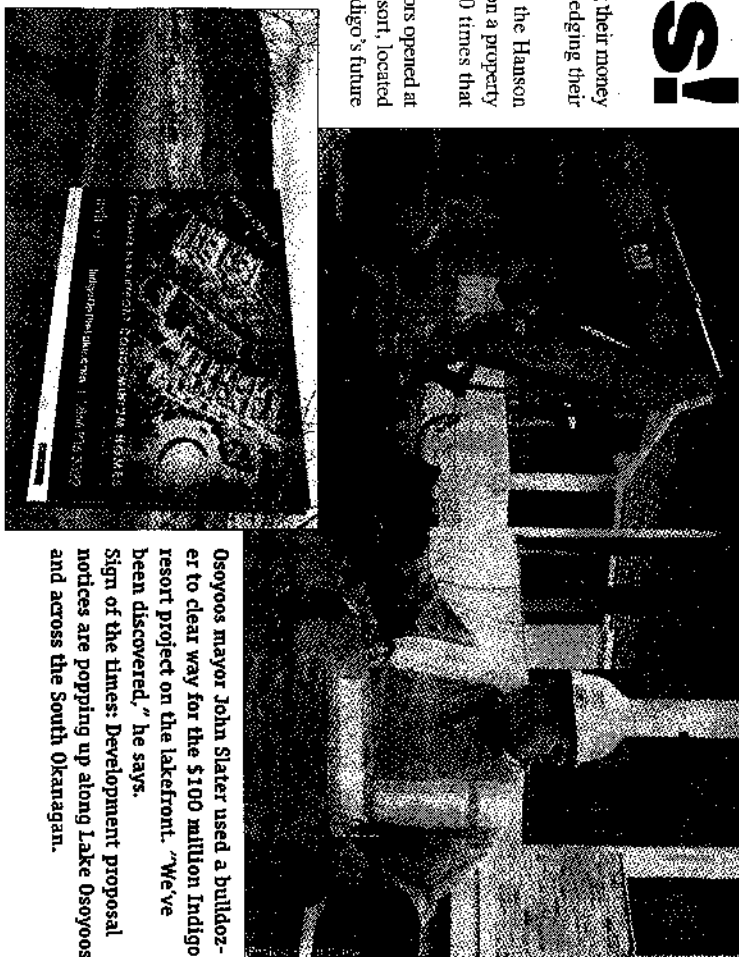
Roughly \$70 million in new construction occurred within city boundaries last year, with condominium projects making up the majority of new developments.

## Population is expected to grow 19 per cent by 2011

With vacant land a scarcity and a population that is expected to grow by 19 per cent by 2011, Osoyoos – as

well as building up, not out – is redeveloping existing properties to create higher density. But this has meant sacrificing lower-priced homes.

As a result, the city is facing a challenge in attracting and accommodating the workers needed to sustain a rapidly growing resort destination. "Every time you knock down three or four older homes and build a condominium project, you're cutting into your rental market," said Slater.



Osoyoos mayor John Slater used a bulldozer to clear way for the \$100 million Indigo resort project on the lakefront. "We've been discovered," he says.

Sign of the times: Development proposal notices are popping up along Lake Osoyoos and across the South Okanagan.

## Resort status

Osoyoos was granted resort municipality status in March, which provides it with \$1 million from the provincial hotel room tax to invest in sustainability measures such as affordable housing, beach cleaning and an airport shuttle service between Osoyoos and the Kelowna and Peniticon airports.

Three new doctors have set up shop in Osoyoos this year, thanks to a focused marketing campaign, and the town is trying to lure workers from as far away as the United Kingdom.

The protected agricultural land reserve (ALR) that surrounds the town is occupied by wineries and orchards – key economic drivers and tourist destinations in the region.

The region's wineries are enjoying growth, and there is a correlation between the wine industry and the development boom.

## Wineries

Mississauga-based Vincer Canada, already a leading producer in the region, is expanding its Osoyoos La Rose winery located at the north end of Osoyoos.

Twisted Tree Vineyards and Winery bottled its first Merlot in early 2007 and opened a tasting room last summer.

La Vieux Pin winery, located in Oliver, started up this spring. Its owner, Vancouver-based Enoteca Winery and Resorts, recently opened a new resort adjacent to the winery, and has plans to develop two other winery resorts in the area in 2009 and 2010.

Located on Highway 97 on the drive North from Osoyoos, Oliver has dubbed itself "the wine capital of Canada."

The town has five new wineries in the early stages of development, which will join the 21

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## LAND from B7

existing wineries that produce 15 million bottles of wine annually in the region.

"The developments in the wine industry are the biggest economic engine here. Everything else is spinning off of that," said Mark Pankratz, an Oliver-based realtor for Royal LePage.

Through its destination marketing campaign, Oliver's aggressively promoting a new \$75 million Wine Village that is now underway. Located on a six-acre parcel of land, the village will include residential condominiums, hotel accommodations, a spa, a restaurant and a wine interpretive and culinary arts centre.

**The Desert Wine Country Resort & Spa** – which will include a four-star hotel and up to 160 condo units – is under development in Oliver.

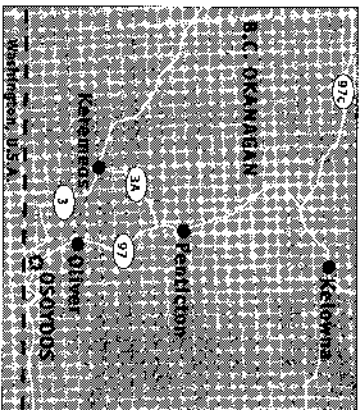
## ALR squeeze

Protected agricultural lands surround Oliver, like Osoyoos, leaving it with a limited amount of land available for development.

"That's going to be a problem, for sure," said Pankratz. "Any properties that are half-acre or three-quarters of an acre are getting snapped up. Little developments like that are taking place all over town," he said, noting that Oliver is encouraging more density in development.

While both Oliver and Osoyoos are experiencing a flood of investment from boomers in Alberta and B.C., the strong loonie has decreased investment from the United States.

## Quick facts



## Osoyoos, BC

- Osoyoos population 6,200
- Oliver population 4,300
- Wine industry 22 wineries; 56% of B.C.'s total grape production
- Tourism 350,000 tourists annually; \$72 million in revenues
- Average detached house price, Oliver \$345,000
- Average detached house price, Osoyoos \$372,000

Half of Lake Osoyoos is situated in the U.S., leaving investors speculating on which side of the lake offers the better investment.

"There's no question that American travellers have cut back a little bit," said Slater. "Before, they used to get the same service for 30 per cent less, so it does make a difference." ♦



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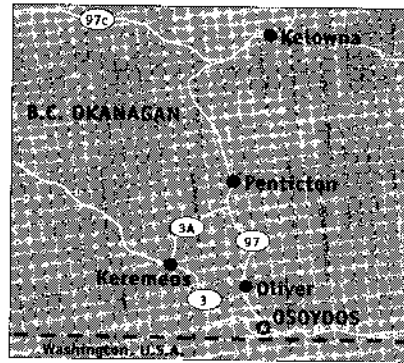
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