

**REGIONAL ROUNDUP** Tofino and Ucluelet being swamped with tsunami of high-end resort developments

# Big rollers

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**S**ales of recreational properties have been growing in strength across B.C. for the past three years, and few regions are hotter than the West Coast of Vancouver Island.

The renaissance of Tofino and Ucluelet, two of five communities in Western Canada where **Re/Max** reports the price of three-bedroom waterfront homes topped \$500,000 last year, is particularly striking. Residential and commercial properties are both in short supply.

The few MLS sales in the area logged with the **Vancouver Island Real Estate Board** are indicative: Between 2004 and 2005, the average sale price in Tofino jumped from \$237,437 to \$649,250. In Ucluelet, the same period saw the average sale price of a property leap from \$225,406 to \$385,571.

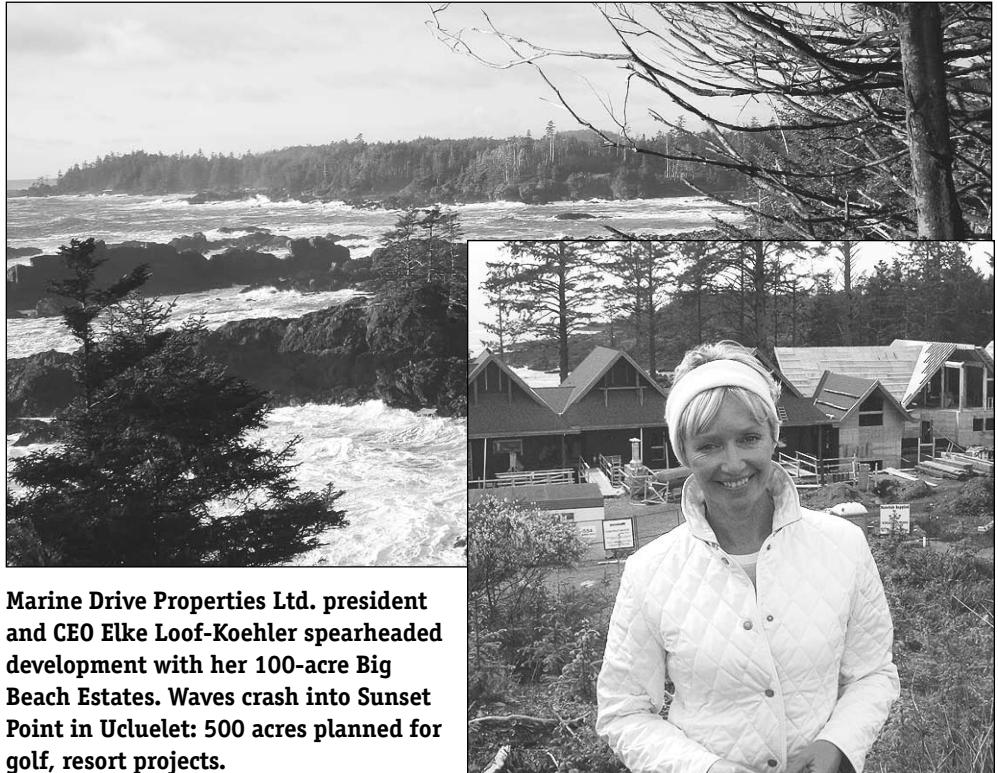
The number of sales shows the disparity in prices is driving buyers to Ucluelet, however. Board sales in Ucluelet jumped 50 per cent between 2004 and 2005, while dropping by the same proportion in Tofino.

Beneficiaries of the shift in favour of Ucluelet include the 132-unit Black Rock Ocean Front Resort, set to open in summer 2007 managed by **Boutique Hotels of B.C.**, which also manages hotels in Whistler, Kelowna, Vernon and Victoria.

Units in the \$50 million resort property sold out in a matter of four hours last August for prices that ranged from \$235,000 to \$825,000 apiece.

Buyers, primarily from B.C., must commit their units to the resort's rental pool, explained Mike Duggan, president of **Black Rock Oceanfront Development Inc.** and Boutique Hotels of B.C. He believes that the fact so many were willing to invest in the property reflects the area's potential as an international destination. But it is still remote enough to be off the radar of many investors.

"From an investment perspective, people were more comfortable with it that have been



**Marine Drive Properties Ltd. president and CEO Elke Loof-Koehler spearheaded development with her 100-acre Big Beach Estates. Waves crash into Sunset Point in Ucluelet: 500 acres planned for golf, resort projects.**

going there for a while," he said.

More resort properties are slated for the region but Duggan doesn't fear the impact they'll have on the local market. Indeed, Boutique Hotels of B.C. has been approached about assuming management of other developments in the area but nothing has yet taken shape.

## Golf resort

Among the developments in the planning stages is an oceanfront golf resort on 200 acres that **Marine Drive Properties Ltd.**, which sold Black Rock its parcel, has agreed to purchase from **Brascan**.

Marine Drive president and CEO **Elke Loof-Koehler** spearheaded development in the area with her 100-acre Big Beach Estates project.

Now, said Marine Drive sales and marketing director **Stephen Duke**, Marine Drive is eyeing resort development for its next thrust.



Loof-Koehler also owns Ucluelet's successful Tauca Lea lodge, marina and restaurant development.

Marine Drive Properties also purchased a 150-acre parcel of former forestry land in April from **Weyerhaeuser**.

The resulting new project totals out as a 350-acre oceanfront resort. It will feature a signature-design oceanfront golf course and an internationally recognized hotel, Duke explained. There will be a limited sale of exclusive beachfront and fairway estate lots launched sometime this fall. That will be followed by the launch of sales for the condo-hotel units late this year.

"We can't really explain any further details on it at this time, other than to say that there will be purchase opportunities for lots and hotel condo units sometime in the fall," Duke said.

A further 220 acres of Weyerhaeuser were part of the last year's rezoning, and that promises to ensure development around Ucluelet continues. Weyerhaeuser itself plans to develop 47 acres with just over 100 units of housing adjacent to Black Rock.

"It doesn't seem to be slowing down any," said **Felice Mazzoni**, planning director with the District of Ucluelet, who noted that development activity has increased 10-fold since 2000. "It's very busy."

### Lease rates rise

It's not just the residential and resort developers who are getting in on the action. Commercial properties are seeing an uptick in development, too. While it may not be as dramatic as in the residential sector, **Judy Gray of Re/Max Mid-Island Realty**, said demand for commercial

properties and operating businesses is strong. "There's a big appetite for commercial real estate and business opportunities on the West Coast but limited availability," she said, noting a bakery for sale in Ucluelet, and a café and a boat-building business on the block in Tofino.

While new space is coming on, including 12,000 square feet in **Wayne Wenstob's** Whiskey Landing development on Ucluelet's harbourfront, it's almost entirely spoken for.

The business opportunities are spurring off residential development and tourism opportunities, Gray said, describing Ucluelet's mix of commercial, residential and tourist-oriented activities as "a real good blend."

Tofino, on the other hand, is more challenging thanks to higher land prices that have sent those looking for more affordable properties to Ucluelet.

While standard commercial rents in Tofino are around \$28 a square foot, the average price per square foot of commercial space in Ucluelet is closer to \$18 a square foot.

Upwards of 50,000 square feet of commercial space is planned throughout Tofino, said district planner **Cleo Corbett**, with much of the new space in Tofino's downtown being part of mixed-use developments that help address the local shortage of housing.

"Maybe with the increase in housing we'll see more resident-oriented services," Corbett added, noting that there's a need to diversify the Tofino economy so that the tourism that has been its lifeblood in recent years doesn't overwhelm and smother it.

Writing in a report to Tofino district council last year, Corbett and partner **Rochelle Lewis** of Ucluelet-based **Shine On Consulting** said Tofino was approaching a point of saturation from tourism and unmanaged growth.

"The community requires amenities to help retain long-term residents and in most cases, the only way to gain amenities is through development, which only feeds the vicious cycle of development and growth," Corbett and Lewis wrote. "There is not even enough water to support the demand. Infrastructure costs have surpassed allocated taxes, development cost charges (DCCs) and other development costs. This is not sustainable for both existing and future business and the community as a whole."

### Labour shortage

While Ucluelet is better equipped with civic infrastructure such as water and sewage treat-

## Quick facts



### Tofino

**Population** 1,600,  
**Average house price** \$649,250.  
**Average commercial lease** \$28 per square foot  
**Major industry** tourism

### Ucluelet

**Population** 1,800  
**Average house price** \$385,571  
**Average commercial lease** \$18 per square foot  
**Major industry** tourism, construction, fishing

ment facilities (Tofino has neither), it has also enjoyed a slower tide of growth that has allowed it to prepare for changes significant development brings.

Commercial space, for example, is focused in Ucluelet's downtown rather than being spread out, a move Mazzoni said has spurred in-fill development projects that help create a relatively compact community centre.

It has also kept access to the waterfront relatively clear, an asset Wenstob touts as a virtue of his Whiskey Landing development.

The one hitch Wenstob is encountering – and a potential obstacle for other developers – is a shortage of labour to build his project.

Though Wenstob doesn't foresee a problem filling up the 12,000 square feet of commercial space in Whiskey Landing, or selling out its 14 residential units, the project has yet to complete.

"That's simply because of the fact of not having workmen," he said, adding, "I'm not even being fussy in seeing skilled workmen. I can't get labourers.... That's not because we're not trying or not paying top wages – they're just not there."♦

