

CHEQUE

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By Jennifer Van Evra

Hoping to cash in on the 2010 Winter Games by renting out your house or condo? You just might—but it's not as easy as it looks

IAN HAMILTON props the well-worn Vancouver map book against the steering wheel of his black Chevy Trailblazer and traces the route to the next downtown condo tower—one of hundreds he will visit before the Olympics descend on the city next February. A guy in a gleaming BMW makes a sudden U-turn in front of him, and Hamilton slams on the brakes. “Vancouver,” he sighs. He parks in front of a two-year-old high-rise and steps across the flowing Gastown gutter.

In less than five minutes, he breezes through Chad McRae’s 20th-floor corner suite, an 800-square-foot two-bedroom with two baths, granite countertops, and a million-dollar view of downtown and the North Shore mountains. Hamilton doesn’t linger at the window or at the glass display case that houses McRae’s carefully collected travel mementos: a hand-gilded silver egg from the Czech Republic, broken pieces of the Berlin Wall, a soapstone puffin from Newfoundland. He’s

you would think that Olympic gold will be handed out off the podiums, too. For \$300 a night, a 2010 visitor can have a basement suite in Abbotsford that “includes everything you need”—except a kitchen. A three-bedroom townhouse in Maple Ridge is listed at \$600 a night, while a two-bedroom Whistler condo with a hot tub and fireplace will set you back \$35,000 for the month. A Yale-town two-bedroom “sub-penthouse” is also listed at \$35,000

more interested in the ensuite washer/dryer and the small solarium that could be transformed into a “half-bedroom.”

“This is a cool place,” he says. “It works really well.”

McRae’s is one of 450 homes that Hamilton, an accommodations expert who travels from one Olympic Games to the next, plans to rent to corporate clients made up mostly of European media outlets and production companies that need rooms for their technicians. His tone is laid-back, with the perfect amount of under eagerness, as he gives the owner his well-oiled pitch.

He wants to offer up McRae’s suite for the month of February 2010. He talks about how it will be occupied only by people working the Games, about how he pays up to 85 percent in advance, about how the apartment will be returned in the same condition it was left in (if not better), about how his company, Prime Strategies, is a fully insured, registered travel broker. He is not responsible for plants and pets, and any valuable artwork or items of sentimental value must be removed.

McRae, a muscular 30-year-old who works in law enforcement, nods along as he waits for Hamilton to answer the big question: How much?

Take a look at user-driven websites like Rent2010.net and

for the duration of the Games. That’s over \$2,000 a night.

“One caveat, of course, is that these are asking rates,” says Mark Szekely, an economist who, by day, calculates compensation amounts for personal injury and family-court claims and who launched Rent2010.net in December 2006 as a hobby. “It’s the blind leading the blind in the sense that you can see what your neighbour is charging, but chances are your neighbour doesn’t really have any clue what the market will bear.”

Hamilton, who got into Olympic accommodation as the Olympic village program director in Atlanta in 1996, knows exactly how much his clients will bear, and at the end of his spiel he gets down to dollars and cents: because the property is what he calls “gold-rated”—it’s new, it’s clean, and it’s a short walk from the convention centre that will house the International Broadcast Centre in 2010—he is prepared to pay \$11,000 for the month, or \$13,000 if McRae puts a bed and a small dresser into the solarium/half-bedroom. For one-bedroom suites in the same area, he pays \$8,000—or \$275 a night.

Of course, he’ll charge his clients more. Prime Strategies covers the expense of weekly maid service, airport transfers, and a few basics in the refrigerator, as well as marketing and staff.

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On top of that goes his own profit margin, which he will not disclose no matter how often he's asked. (The guy knows how to keep a secret: he was once communications director for Brian Mulroney.) Still, he says, it's not nearly what people think.

"I know what my clients are prepared to pay. And what they are prepared to pay is not 30 or 40 grand for a two-bedroom in Yaletown for one month," says Hamilton, who has brokered the occasional top-dollar deal but insists they are few and far between. "My experience is that there's a big difference between what people think they can get and what the reality is. So if you want to hang around and wait for bigger money, then good luck."

HISTORY SAYS homeowners might need that luck—especially if they hold out until only months or weeks before the big event, hoping for that bigger jackpot. Leading up to the Salt Lake City Winter Olympics in 2002, asking rates were high and expectations even higher, but as more and more people offered up their places in hopes of funding Olympic-length stays in Maui, supply went up and rates were driven down.

"A lot of people expected to get any asking price," says Tristan Webb, general manager of Utah Vacation Homes, a private accommodation-rental company that specializes in Salt Lake area ski properties. "Certainly, there was a 10 to 20 percent premium on top of a hotel's peak Christmas price. But a lot of people started out doubling or tripling the Christmastime rate. The lucky ones were able to secure the Russian ski team or someone who had to book far in advance, but the average tourist coming to enjoy the Games had a lot of inventory to choose from."

According to Webb, owners in Park City—the Salt Lake equivalent to Whistler—fared somewhat better, with rooms going for 20 to 50 percent more than peak rates. But almost all the homes located more than 15 minutes away from the action went unrented because invariably someone else was offering the same thing, but closer.

To his surprise, even some of the most desirable properties in the best areas sat empty, including a luxury home near the Olympic village. "It was a beautiful home that could have been used for lodging or for television broadcasts," recounts Webb. "He started very high in his expectations on the rate, but then brought it down very reasonably and it still went unrented. It was 4,000 square feet in one of the nicest neighbourhoods in Salt Lake City. It was really shocking."

Just as alarming to Webb was how travellers who simply wanted to ski avoided the resort for the entire season, which meant that while business was up for vacation-property owners in February, it was down significantly in December, January, and March. "People said, 'The Olympics are in Utah this year, so we're going to Colorado.' They didn't realize the Olympics were only two weeks," he says.

At the time, Salt Lake was still feeling the effects of post-9/11 travel jitters; today's economic meltdown is taking a similar toll on Vancouver and Whistler. According to Carolyn Doig with Unique Accommodations, a high-profile property-management company that specializes in placing corporate and film-industry clients, more and more companies are cutting back on travel

What's your place worth?

No one's spilling the formula for 2010 rental math, but sources suggest a premium on hotel Christmas rates is a starting point

6-Bedroom
Shaughnessy
Mansion



\$900 x **6** = **\$5,400** per night

(Christmas rate at the Shangri-La Hotel, Vancouver x 2)

(# of bedrooms)

\$162,000 for the month

1.5-Bedroom
Downtown
Condo



\$180 x **1.5** = **\$270** per night

(Christmas Rate at Holiday Inn Hotel & Suites Vancouver Downtown x 1.2)

(50% increase for extra bedroom)

\$8,100 for the month

and other expenses, which means that an increasing number of rental properties are sitting empty. Compounding matters is the fact that when the local housing market tanked, hundreds of homeowners who couldn't sell decided to rent.

"We are being flooded with calls and emails, and the inventory is very high out there," says Doig, who has also been fielding dozens of inquiries from people wanting to offer up their homes during the Games. "I mean, we have a hotel that has come to us and said, 'We have 12 apartments, and we want to rent them out because we don't know what to do with them.' Builders are coming, too. So I'm not convinced that people will be saying, 'I can't find a property to rent for the Olympics.'"

For now, Doig and her colleagues are doing their best to inform owners of the legalities of renting their homes for the Olympics, including the fact that tenancy agreements stay with the property, not the owners—so if you decide to sell between now and 2010, you'll have to tell prospective buyers that their new home will be rented out during the Games. To boot, it's against zoning bylaws in most Lower Mainland residential areas to rent for less than a month, and condo owners need to check with their strata councils, because some are relaxing restrictions on rentals during the Games while others are tightening them.

Property managers are also telling owners that, while they can expect a premium for their rentals, it likely won't be the 100 to 300 percent lift that those mythical friends of friends are getting.

"People call and say, 'A friend of a friend got \$40,000 for an East Side apartment.' That's fascinating. But do they have a deposit, and are they going to follow through? It's just numbers and words," says Doig, sitting in her North Vancouver office. "I have spoken to a lot of clients who have been to many Olympics over the years, and they all say the same thing: that a handful of people cash in and the rest sit empty or get a fair market value rate for their property. So that's the mindset we're running with."

Again, what you can charge has a lot to do with where you live. So far in Vancouver, properties in downtown, Yaletown, Gastown, Coal Harbour, and False Creek—as well as those immediately adjacent to other venues such as the Richmond Olympic Oval and the Pacific Coliseum—are in high demand,

but most other areas, including Kits, South Granville, and South Main are, for now, left in the cold. Games goers are beginning to warm up to North and West Vancouver, but mainly to the neighbourhoods near Cypress Mountain (where the freestyle skiing events are being held) and Lonsdale Quay, a short SeaBus ride away from the broadcast centre, BC Place, and GM Place.

But many have expected demand to be highest in Whistler, and officials are bracing themselves for the crunch. Already faced with enormous housing challenges, the municipal council years ago introduced strict controls on which properties can and cannot be rented to ensure that at least 75 percent of its workforce lives within the community. And of the residential properties that can legally be rented, most require stays of 28 days or longer—including during the Olympics.

“We toyed with relaxing the resident zoning over that period, and then we thought, ‘No, that’s really counterproductive. That will put people on the streets,’” says Gordon McKeever, a Whistler councillor and chair of the Whistler Housing Authority who is deeply concerned about price gouging. “We can’t have a successful Games without staff. The businesses need to run. The resort needs to operate. And that is essential for us to yield the benefits from the Games that, in the long term, will serve these property owners far more than three weeks of gouging rent.”

According to Ben Thomas of VIP Mountain Holidays, McKeever may not have that much to worry about. Two years ago, he says, owners who were ready to commit to renting their Whistler properties could name their price. But now, so many people have signed up to rent their condos and chalets during 2010 that he is no longer even taking calls from owners with properties anywhere outside the main village. At the same time, dozens of spaces are unexpectedly becoming available because a few of the big-name sponsors that were supposed to woo clients in the picturesque mountain town are booking in Vancouver instead.

“They said, ‘If we base ourselves in Vancouver, it’s so much easier: the airport is there, we can get 50 rooms at a really good-quality hotel with room service and daily cleans, and we can get conference space. It’s one third the price because it’s low season in Vancouver and high season in Whistler. And all the events we want to watch, like hockey and ice dancing, are in Vancouver,’” he explains. “So they just pulled the plug on Whistler.”

WITH A HANDSHAKE, Ian Hamilton secures the deal with Chad McRae. Nobody can say how much McRae could have got if he held out, because there are too many forces at play. Some have already made tidy sums—the owner of a luxury home in South Vancouver reportedly brokered a \$200,000 deal for the month of February—while others will end up with dollar signs in their eyes but not in their pockets.

Although Mark Szekely

only administers Rent2010.net and is not involved with the deals, his numbers suggest fewer than 10 percent of the 400-plus ads for Olympic rentals have been removed so far, meaning that over 90 percent of the inventory on the site has likely not been rented. (Part of the problem, he says, is that owners and prospective renters who don’t go through property-management companies have yet to figure out a secure way to handle deposits.)

Still, an estimated 350,000 people are coming, and they have to stay somewhere. Many corporations have been making major property decisions over the past two years, and they’re expected to make hundreds more in the months to come. Homeowners can expect another wave of interest from spectators late this fall—a riskier group, warns Hamilton, because many stuff apartments and houses to the rafters with parties—but they can also expect more competition from other owners and from hotels.

McRae suspects he could have made more from his perfectly placed apartment, but he’s happy with the \$13,000 in the hand—not to mention the fact that his apartment will be well cared for and that the rent money will put a significant dent in his mortgage. “Maybe you could make an extra \$2,000 or \$3,000, but you could also end up pricing yourself out of the market,” says McRae, who will be working long hours and plans to crash with family or friends during the Games. “And the reality is, you just don’t want to get too greedy.” **vm**

Location, Location, Location

Within five blocks of Olympic venues is prime. If you live downtown, you could be golden; other Metro spots may still yield bronze

