

# The cost of peace and quiet: impact of strata age restrictions on resale price in Victoria

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**Abstract** — After provincial regulation removed the ability for strata corporations to enforce “adult-only” age restrictions in condo buildings, many strata councils are considering transitioning to “seniors-only” (55+) restrictions, which remain permitted. Based on an analysis of condo sales in years prior to the regulatory change in Greater Victoria, seniors-only condos sold for an average of 20% less than all-ages condos per square foot. Seniors-only condos also took somewhat longer to sell at prices slightly lower relative to list price than unrestricted condos, however these differences were small. Strata council decisions in response to regulatory changes are likely to affect the supply and demand for seniors-only condos and may change this price discount in the future.

**Keywords**—strata, condo, age, restriction, seniors, 55+, value

## I. INTRODUCTION

Strata corporations in British Columbia have traditionally had the power to create bylaws restricting the age of occupants permitted to reside in the development. Buildings regularly used this power to either restrict children (to create adult-only buildings commonly requiring occupants to be over 18) or to restrict residence to seniors (55+).

This power was curtailed by the province of BC in November 2022, with adult-only restrictions no longer being enforceable, and only seniors-only (55+) restrictions being permitted going forward. This motivated a number of strata councils that were previously adult-only to explore changing the age restrictions to 55+. Existing residents under 55 years old would be grandfathered, but new residents (whether owners or renters) would have to be at least 55 to move in.

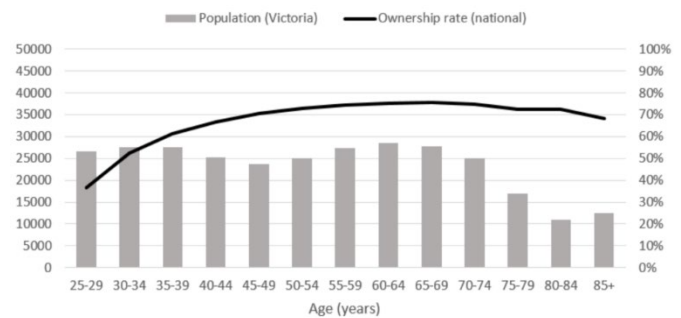
Enacting restrictions that impact the buyer pool is expected to have impacts on market value of condo units. In this whitepaper, I analyze the Greater Victoria condominium market to determine the historical difference in values and marketability for seniors-only buildings, and discuss some potential implications of the strata rule change for the future market.

## II. BACKGROUND

### A. Demographics in Victoria

Victoria has one of the oldest populations in Canada, with an average age of 44.8 years as of the 2021 census, up from 43.7 in 2016. When considering just adults that may be in the market to purchase a property, approximately half are over the age of 55. Further applying national ownership rates which tend to rise with age, the majority of owners (54%) in Victoria are likely to be 55 or older.

Demographics and ownership rate by age



Housing restricted to seniors only would therefore exclude roughly half of potential buyers. All else equal a substantial reduction in demand from instituting seniors-only age restrictions should result in market prices naturally settling at lower values. However if preferences for age-restricted condos amongst eligible buyers outweigh the reduced supply, the price premium may also be positive.

### B. Age restricted rental stock

Prior to the 2022 change in strata regulations, seniors-only condo buildings formed a small minority of the market in Victoria. While data on the condo rental stock by age bylaw is not available, in two years of resale data there were sales in 46 unique seniors-only buildings out of a total of 795 (5.8%).

Seniors-only bylaws are most commonly found in buildings built between 1970 and 2010, with only few found in older or newer buildings and the majority built in the 1980s and 90s. They are similar but on average somewhat larger than unrestricted buildings of the same period, with an average of 1.8 bedrooms and 1082 square feet compared to 1.7 bedrooms and 967 square feet for all-ages buildings.

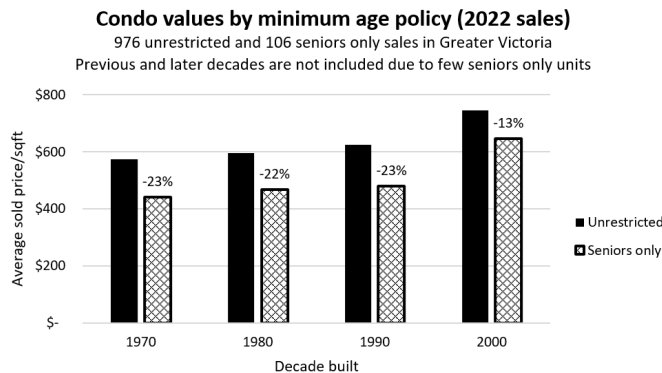
### C. Prior research

Prior findings about the impact of age restrictions on market value are mixed. Gunterman & Moon analyzed manufactured home sales in Arizona and found a positive value premium from age restrictions averaging 17% over multiple years [1]. In an analysis of condo sales in Florida, Allen also found a positive price premium of 14% for sales in the late 90s [2]. However a followup study by Carter et al. on sales during the bear market between 2005 and 2007 found that age restrictions reduced the value of condos sold in Florida by 19.7 to 22.7% [3]. There is a lack of research focused on Canadian markets, however whether seniors-only condos have a positive or negative price premium fundamentally depends on whether the demand for these units outpaces supply, or vice versa.

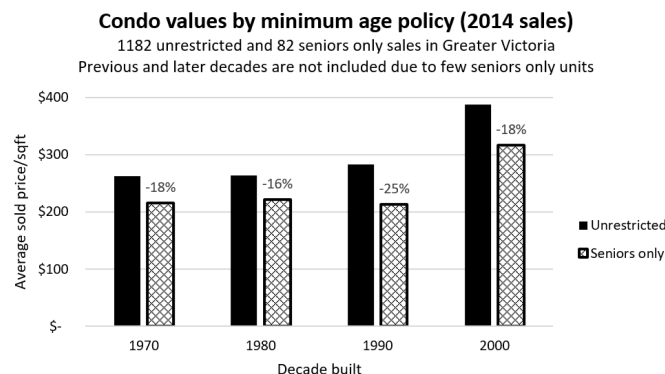
### III. RESULTS

#### A. Market value

To determine the difference in market value by age policy, I analyzed 2002 sales of condos in 2022 prior to the rule changes. Condos in buildings built before 1970 and after 2009 were not included due to the fact that there were insufficient seniors-only condo buildings of those vintages. Units with minimum ages of 55 or higher were classified as seniors-only, while only condos entirely without age restrictions were included in the unrestricted category. Condos with other minimum age restrictions ("adults-only" condos) were removed from the comparison. The below chart shows mean condo values per square foot by decade built and age policy.



For condos built between 1970 and 2009, seniors-only condos sold for an average of 20% less in 2022 than unrestricted condos. To cross-check this result, I repeated this analysis for 1621 condos sold in 2014 when market conditions and prices were roughly stable compared to the volatile 2022.

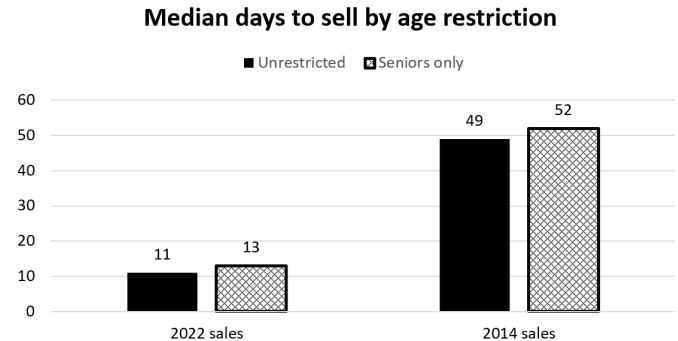


Data from 2014 sales show broadly consistent results though average sale prices were about half of 2022 values. Mean condo values for seniors-only units were lower across every building vintage with an average discount of 19% for seniors-only buildings as compared to unrestricted.

There have only been 15 sales of seniors-only condos since the rule changes, which is not sufficient to evaluate the impact of the change on relative condo values. However for reference the mean sales value per square foot for those sales is 11% lower than the comparable unrestricted units (154 sales). This analysis will be repeated once 6 months of data are available to determine the impact of regulatory changes on relative values.

#### B. Marketability

In addition to market value, the liquidity of units may be relevant to condo owners. To compare ease of sales, I analyzed median days on market and price to list ratios for seniors-only and unrestricted condos for both 2022 and 2014 sales. Note that median days on market does not account for properties being cancelled and relisted to reset days on market.



Though the median unrestricted unit sold more quickly than seniors-only units, the differences are small. Even if values are lower in restricted units, accurate pricing and market conditions are expected to be the dominant factors in time to sell. The mean sales price to list price ratio for seniors only condos was 1.5 (2014) to 1.8% (2022) lower than for unrestricted units. A greater proportion of motivated sellers in the seniors-only market may explain this difference.

#### C. Limitations

The differences in value between restricted and unrestricted units are adjusted for the age of the building, and valuations per square feet go some way towards adjusting for differences in unit size. However no analysis was done to determine if there are structural differences in amenities (such as pools, rooftop gardens, balconies, parking spaces, in-suite laundry etc), or other restrictions (pets, rentals, etc) between restricted and non-restricted units that could account for differences in value.

### IV. CONCLUSIONS

This sales analysis shows that prior to the regulatory change, seniors-only condos in Victoria sold at a discount per square foot averaging 20% compared to all-ages units. Seniors-only units also took somewhat longer to sell, though differences here are small and do not practically impact liquidity.

This price discount may shift due to impacts on supply and demand from the regulatory change. A follow-up analysis should be conducted to determine the post-intervention price premium or discount.

### REFERENCES

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