How Vancouver college kids live in mansions on the cheap

With some of the most expensive real estate in Canada, Vancouver has what may feel like a contradictory phenomenon: college kids living in luxury mansions for as little as $1,000 a month.

The Shaughnessy area, which is close to the University of British Columbia and has an average home sales price of $1.8 million Canadian dollars ($1.34 million USD), has a number of luxury homeowners who advertise bedrooms for rent on Facebook boards popular with students. Another nine-bedroom home close to the university dubbed “The Castle” is currently inhabited by 14 students, as first reported by Bloomberg last week.

“Students can pay $1,000 a month to live in a house that would normally cost $3.5 million to buy,” Vancouver Realtor and popular real estate blogger Steve Saretsky told Inman. “I’d say that’s a pretty good deal if you’re a student.”

To get such a price, five or six students will pool together and each rent a bedroom in a luxury property. That way, a rent of $5,000 or $6,000 a month can be split five ways while students live in an uber-nice house.

Isaiah Boodhoo, 22, is one of the people to live in such a mansion. He told Bloomberg that he loves being able to have a home with chandeliers, a steam room, a curving stairway and a soon-to-be pool for the same price as a university dorm room.

“Honestly, I would stay here for as long as I could,” he said. “$1,000 bucks for all this?”

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But while some owners of luxury Vancouver homes have always rented out spare bedrooms to students, recent changes in the city's real estate laws have made this more common — in the midst of rapid home value growth, the city passed a "empty house" tax bylaw that requires homeowners who do not live in or rent out their home to pay as much as 3 percent of the home's value annually in taxes.

As a result, owners of luxury homes, many of which happen to be close to the university, have been renting out bedrooms to avoid being hit with extra taxes. Since most students are already expecting to have roommates rather than a whole apartment, they are the ones who respond to the ads.

The city is also in the midst of a major market downturn — the number of home sales in the city fell 31 percent from last year and many luxury homes have been sitting for months or even years without a buyer, according to local real estate analyst Dane Eitel.

"Even though there are a lot of properties for sale on the market, people aren't buying them," Eitel told Inman. "So many property owners are choosing to rent them out so that they have their mortgage paid as these properties continue to go down in prices."

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Vancouver, which has always been seen as a prime spot due to its proximity to the ocean and the mountains, is currently also undergoing a major tech revolution — Microsoft opened an office in the coastal city in 2016 and Amazon will open an office in the area by 2022.

And as demand for one-bedroom and two-bedroom rentals in the city keeps rising, it's often easier to find a bedroom in a luxury mansion than a one-bedroom apartment in the city.

"A lot of houses that have been sitting on the market for quite a while are seeing action through rentals," Saretsky said, adding that the student rentals are a symptom of some major problems in the market. "While it's great for the students, it shows some real problems in the current low sales market."

Most real estate experts predict that the Vancouver market will eventually even itself out — Zillow and Redfin, which are both in the process of expanding into the city, said that they are confident that the city's nice weather and jobs market will make it a lucrative spot for both homebuyers and investors for years to come. But as the real estate market ebbs and leaves some homeowners worried, a few lucky students can get a great deal on a room in a high-end home.

"The fact that they live with four random people in a property does not offend [the students'] sensibilities in any way whereas a local Vancouverite does not want to live with strangers," said Eitel.

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