

# Realty Check

# British Columbia

Though not quite the elevated pace experienced in 2017, the Greater Vancouver and Victoria multifamily investment markets saw a tremendous amount of activity in 2018. The number of sales transactions dipped slightly, but both markets combined to achieve an extremely impressive \$1,437.8MM in total transaction volume\*. On a blended basis, the resulting price per door in both markets averaged \$391,758 which translated to a 10.65% year-over-year increase. Despite slight interest rate increases throughout the year, capitalization rates held steady at historical lows between 2.25% - 4.00%, with retrofitted & newly-constructed buildings trading closer to the upper end of the range.

The BC population reached 5 million in 2018, the first time on record the province has surpassed that threshold. Population growth in 2018 for the province was approximately 24,635 (+0.49% YoY), 95% of which was a direct result of international immigration. Metro Vancouver's population is estimated to increase by 30,000 residents annually through 2021, to a projected total population of 2,788,000. As a direct correlation, the residential rental vacancy rate in the Vancouver CMA remained at or below 1.0% for the fifth year in a row and average rents increased by 6.2% year over year.

As global companies such as Amazon and Facebook plan to increase their labour footprint in Vancouver, in conjunction with steadily increasing migration, the vacancy rate in Metro Vancouver will inevitably remain compressed. To address this critically low supply, developers have become increasingly more proactive in sourcing opportunities to construct new purpose-built rental apartments in both Vancouver core and suburban municipalities such as Langley, Port Moody, Surrey, Burnaby and various others.

Looking ahead, there is potential that market cap rates may temporarily be affected by signs of policy-induced uncertainty in the market. However, we believe the overriding factors of positive economic growth, consistent migration/population growth, insatiable rental demand and historically low interest rates will ultimately bolster the attractiveness of the Greater Vancouver and Victoria multifamily investment market.

\*Excludes deals sold purely on land sale basis as well as seniors housing, strata wind-up, student housing and non-profit housing.

By Lance Coulson & Greg Ambrose

## Market Data

|                       | Total           | Year over Year | Average      | Low         | High          |
|-----------------------|-----------------|----------------|--------------|-------------|---------------|
| Building Size (Units) | 3,670           | Down           | 33           | 4           | 456           |
| Sale Price            | \$1,437,751,625 | Down           | \$12,837,068 | \$2,000,000 | \$247,919,038 |
| Price per Unit        | -               | Up             | \$391,758    | \$117,000   | \$709,091     |
| Reported Cap Rate     | -               | Unchanged      | 3.13%        | 2.25%       | 4.0%          |
| New Rental Supply     | 793             | Up             | -            | -           | -             |
| Vacancy Rate          | 1.0%            | Up             | -            | -           | -             |



### Ottmann Portfolio

Sold at

**Purchaser:** Institutional  
**City:** West End, Vancouver & North Vancouver  
**Date Closed:** April 2018  
**Units:** 456  
**Price/Unit:** \$543,682

**\$247,919,038**

### The Meridian

Sold at

**Purchaser:** Institutional  
**City:** Langley  
**Date Closed:** August 2018  
**Units:** 90  
**Price/Unit:** \$366,667

**\$33,000,000**



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## Ma Portfolio

Sold at

**Purchaser:** Private / Institutional Partnership

**\$22,000,000**

**City:** Vancouver – East Side

**Date Closed:** May 2018

**Units:** 69

**Price/Unit:** \$318,841

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## Robert's Manor & Adjacent Site

Sold at

**Purchaser:** Institutional

**City:** Sidney

**Date Closed:** September 2018

**Units:** 60

**Price/Unit:** \$240,000

**\$17,400,000**



## Maple Manor Apartments

Sold at

**Purchaser:** Private Canadian

**City:** New Westminster

**Date Closed:** May 2018

**Units:** 17

**Price/Unit:** \$347,059

**\$5,900,000**

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## Wesley Place

Sold at

**Purchaser:** Institutional

**City:** Vancouver - Downtown

**Date Closed:** October 2018

**Units:** 199 + Commercial

**Price/Unit:** \$585,000

**\$13,000,000**



## Beech Apartments

Sold at

**Purchaser:** Private Canadian

**City:** Vancouver - Kitsilano

**Date Closed:** August 2018

**Units:** 12

**Price/Unit:** \$541,667

**\$6,500,000**