

The Goodman Report

FOR APARTMENT OWNERS

www.goodmanreport.com

Issue 32 February 2007

THE GREATER VANCOUVER APARTMENT MARKET 2006 – THE YEAR IN REVIEW

Overall apartment activity in Greater Vancouver for 2006 witnessed a continuation of the bullish trend first evidenced in 2001. Most Lower Mainland jurisdictions saw increased prices with correspondingly lower cap rates. The lower yields, however, have not deterred buyers from bidding on and acquiring rental apartment assets. Investor sentiment remains robust, resulting in continued strong dollar volumes and sales activity.

While 2006 Vancouver dollar volumes increased 12% to 320 million dollars, there was a significant 14% decline in the suburban areas to \$312 million from the peak of \$360 million achieved in 2005. This lower figure was caused by a sharp reduction in Richmond volumes to \$9 million in 2006 from \$125 million in 2005.

With the advent of extraordinarily low vacancy rates of 0.7% for Metro Vancouver (CMHC 2006 Rental Survey), coupled with a growing population and 5 year CMHC mortgage rates hovering below 5%, it's not surprising that despite cap rates in the 3.25% to 5% range, enterprising investors anticipating the prospect of substantially higher rental income on suite turnovers continue to aggressively pursue opportunities in this asset class.

Generally speaking, Vancouver average suite prices are up 8.6% to \$157,805. Areas such as the Eastside, Marpole, South Granville and the West End experienced 15-16% increases over 2005, while Kerrisdale and Kitsilano were essentially flat.

Some highlights in the suburban areas: While Burnaby experienced only 15 buildings sold in 2006 compared to 24 buildings in 2005, prices are up 20%. In North Vancouver we saw a sizeable spike in sales to 23 buildings, up from 9 in 2005, with average prices up 5%. As we predicted 18 months ago, Maple Ridge saw a 38% jump in prices. Investors, with all the "bridge" talk, are reacting to the growing attractiveness of this community.

(For a complete statistical breakdown of all areas, please refer to pages 4 & 5).

A 10 Year Synopsis

In order to assist our readership further, we have created a series of graphs revealing a 10-year historical perspective of the Greater Vancouver multi-family market for the period 1997-2006. The three graphs include total buildings sold, average 5 Year Govt. of Canada Bonds, dollar volumes, the average Greater Vancouver vacancy rate and average one bedroom rents, while for the Vancouver area only, average prices per unit.

Reasons for the Impetus

Besides a growing population, low mortgage and vacancy rates, there have been other positive forces at work during this period:

- Liberals replace an NDP government
- BC is currently enjoying a strong business cycle with low unemployment
- Vancouver/Whistler win Olympic 2010 bid
- Realization by investors that Greater Vancouver apartment rents have a substantial upside
- Few purpose built rental buildings have been constructed because of the poor economics
(The primary source of new rental stock being derived from investor-owned condos)

Our 2007 Forecast

We predict more of the same. Investor interest should remain strong with prices edging upward, although at a somewhat slower pace than we've seen over the past few years. An obvious caveat is the cost of money. Should we experience any sudden "tremors" in the bond markets and mortgage rates surge upward, buyers will undoubtedly seek higher cap rates resulting in lower prices per unit than are presently being achieved.

As mentioned in previous issues of The Goodman Report, rents have not kept pace with the increases in building

values. Average Greater Vancouver one bedroom rents have increased only 21% over a 10 year period while all Lower Mainland jurisdictions have seen average suite prices at least double over the same period. With the current environment of extreme and well-publicized shortages of rental supply, it is our opinion that rents are now moving into a "catch up mode". We predict that rent increases on suites "turning over" to average over 10% for the next 12-18 months.


Meanwhile, astute long term owners, having enjoyed a 60%-70% increase in their buildings' value since the year 2000, and who perceive that subsequent price increases will be based on inflation, may elect to sell into the strength of today's market.

Also, expect to hear more from various municipal and provincial interests concerning efforts to somehow address the rental housing crunch (Let's hope they don't throw out the baby with the bath water).

The federal budget, due this spring, may include some provision for the long awaited "roll over" legislation for apartment buildings. We shall wait and see what unfolds.

Finally, on April 25th at the Vancouver Convention and Exhibition Centre, over 750 senior real estate executives with an interest in the Greater Vancouver real estate market and surrounding area are expected to attend this year's Vancouver Real Estate Forum.

We are pleased to announce that David Goodman at Macdonald Commercial has been asked to participate as a panellist in the 11:20 am session titled *Growing Pains: Challenges and Opportunities in the Multi Family Market – Investor, Owner and Rental Perspectives*.

If you have any questions, comments or criticisms regarding the above, please feel free to drop us a line. We enjoy hearing from you on these matters. 



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The Goodman Report

FOR
APARTMENT
OWNERS

Greater Vancouver Multi-Family Sales and Statistics

ACTIVITY HIGHLIGHTS: 2006 COMPARED TO 2005

Total Buildings Sold 164 (on par with 2005's 162 buildings (Vancouver 81 buildings sold; Non-Vancouver 83 buildings sold))

Total Dollar Volume \$633,423,328 – down 2% over 2005 (Vancouver \$320,660,776 up 12%; Non-Vancouver \$312,762,552 down 14%)

Total Suites Sold 4934 – down 11% over 2005 (Vancouver 2,032 suites; Non-Vancouver 2,902 suites)

Average \$ per suite in Vancouver \$157,805 – up 8% over 2005

Average \$ per suite in Non-Vancouver communities \$107,775 – up 7% over 2005

Vancouver Eastside	21 sales in 2006 vs. 20 in 2005 – average price up 6% to \$110,158 per suite.
Vancouver Kerrisdale (incl. Oakridge and UBC)	6 sales in 2006 vs. 3 in 2005 – average price down 2% to \$216,914 per suite.
Vancouver Kitsilano	8 sales in 2006 vs. 13 in 2005 – average price down 5% to \$167,956 per suite.
Vancouver Marpole	14 sales in 2006 vs. 9 in 2005 – average price up 15% to \$114,903 per suite.
Vancouver South Granville /Fairview	18 sales in 2006 vs. 19 in 2005 – average price up 16% to \$177,499 per suite.
Vancouver West End	14 sales in 2006 vs. 19 in 2005 – average price up 16% to \$182,452 per suite (6 of 14 sales were high-rise).

Burnaby	15 sales in 2006 vs. 24 in 2005 – average price up 20% to \$118,644 per suite.
Coquitlam	5 sales in 2006 vs. 4 in 2005 – average price up 3% to \$96,635 per suite.
Maple Ridge	6 sales in 2006 vs. 6 in 2005 – average price up 38% to \$87,415 per suite.
New Westminister	16 sales in 2006 vs. 19 in 2005 – average price up 9% to \$95,967 per suite.
North Vancouver	23 sales in 2006 vs. 9 in 2005 – average price up 5% to \$141,663 per suite.
Surrey	5 sales in 2006 vs. 6 in 2005 – average price down 3% to \$68,314 per suite.
White Rock	3 sales in 2006 vs. 1 in 2005 – average price was \$115,515 per suite.



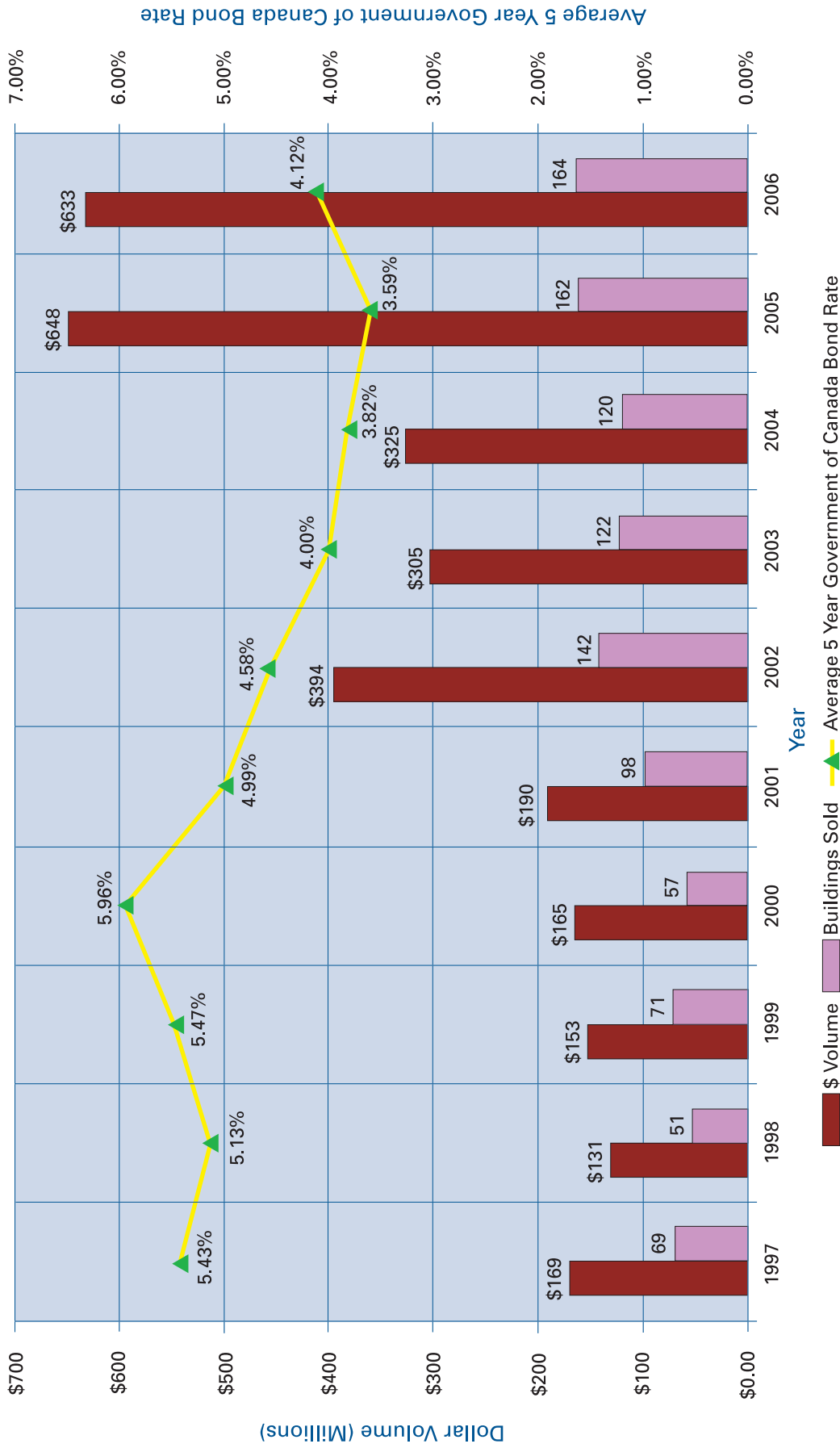
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Greater Vancouver 10 Year Multi-Family Performance



Sources: Bond Rate — Bank of Canada / Tony Kalla, Westbridge Capital
Dollar Volume and Buildings Sold — Goodman Report

Greater Vancouver Apartment Building Sales January 1 to December 31, 2006

ADDRESS	SUITES	\$ PRICE	\$ PER/UNIT	ADDRESS	SUITES	\$ PRICE	\$ PER/UNIT
Vancouver (East Side)				Vancouver (South Granville / Fairview)			
580 E 43rd Ave	43	4,100,000	95,349	324 W 10th Ave	35	4,300,000	122,857
175 East 17th Ave	14	2,000,000	142,857	1638 W 12th Ave (HR)	49	8,217,000	167,694
1725 McLean	10	1,435,000	143,500	★ 1626 W 12th Ave	11	2,390,000	217,273
1055 E Broadway	16	2,300,000	143,750	★ 1171 W 12th Ave	22	4,795,000	217,955
2026 Franklin	8	680,000	85,000	2675 Fir	11	2,200,000	200,000
★ 336 East 7th Ave	18	2,200,000	122,222	1655 W 11th Ave	11	2,050,000	186,364
612 E 7th Ave	41	4,250,000	103,659	1230 W 12th Ave	20	3,600,000	180,000
1551 E 4th Ave	14	1,800,000	128,571	★ 1025 West 13th Ave	9	1,590,000	176,667
252 E 12th Ave	35	3,430,000	98,000	★ 3777 Cambie	25	3,675,000	147,000
1707 E 4th Ave	20	1,900,000	95,000	1020 W 12th Ave	27	5,200,000	192,593
4956 Duchess	28	2,906,000	103,786	1245 W 10th Ave	11	1,850,000	168,182
7916 Knight	12	1,135,000	94,583	1570 W 15th Ave	27	5,330,000	197,407
1374 E 7th Ave	11	1,300,000	118,182	1675 W 12th Ave	10	1,765,000	176,500
942 E Broadway	10	1,450,000	145,000	1107 W 14th Ave	32	5,900,000	184,375
33 Templeton (ST)	27	2,620,000	97,037	1364 W 11th Ave	30	5,600,000	186,667
★ 1016 E 8th Ave	35	4,180,000	119,429	1430 W 13th Ave	19	3,750,000	197,368
2416 Fraser	11	1,310,000	119,091	★ 2675 Alder	17	3,090,000	179,418
2144 Oxford	18	1,760,000	97,778	1245 W 10th Ave (RESOLD)	11	1,615,000	146,818
44 E 11th Ave	11	1,700,000	154,545	Total	377	\$ 66,917,000	\$ 177,499
1574-8 Kingsway (incl 2 com)	10	998,000	99,800	Vancouver (West End)			
7849 Knight St	12	1,050,000	87,500	1550 Barclay (ST)	66	14,479,938	219,393
Total	404	\$ 44,504,000	\$ 110,158	1689 Robson St	17	3,075,000	180,882
Vancouver (Kerrisdale & UBC)				1170 Barclay St	16	2,890,000	180,625
4615 W 10th Ave	13	2,168,000	166,769	1636 Haro St (HR)	41	6,600,000	160,976
2260/86 W 39th Ave (DS)	23	5,400,000	234,783	★ 1010 Howe St (HR) (ST)	138	30,000,000	217,391
5516 Dalhousie Rd	11	2,775,000	252,273	(includes 8 commercial)			
5850 Vine	23	3,980,000	173,043	1872 Barclay	21	3,391,338	161,492
5850 Vine (RE-SOLD)	23	5,850,000	254,348	840 Broughton (HR)	103	16,000,000	155,340
Total	93	\$ 20,173,000	\$ 216,914	1435 Pendrell	21	2,850,000	135,714
Vancouver (Kitsilano)				1945 Barclay (HR)	95	16,100,000	169,474
2454 Point Grey Road	14	2,900,000	207,143	1050 Harwood (HR)	81	16,000,000	197,531
2435 W 1st Ave	10	2,750,000	275,000	1125/1155 Haro (DS)	38	5,996,000	157,789
1915 W Broadway	26	2,200,000	84,615	2035 Barclay (HR)	28	4,662,500	166,518
★ 2255 Cypress	47	7,500,000	159,574	1451 Burnaby	22	3,300,000	150,000
2220 W 2nd Ave	10	2,350,000	235,000	Total	687	\$ 125,344,776	\$ 182,452
2166 W 8th Ave	32	5,700,000	178,125	Burnaby			
★ 1876 W Broadway	21	3,000,000	142,857	37065 Linden	26	2,600,000	100,000
1817 Yew	21	4,000,000	190,476	6018 Wilson	21	2,600,000	123,810
Total	181	\$ 30,400,000	\$ 167,956	5950 Booth	27	3,410,000	126,296
Vancouver (Marpole)				★ 4232 Sardis	68	8,665,000	127,426
1436 W 71st Ave	11	1,330,000	120,909	7465 13th St	26	2,730,000 (EST)	105,000
8628 Hudson	10	1,465,000	146,500	7030 Hall	19	1,930,000	101,579
8630 Shaughnessy	27			3526 Smith	34	4,533,000	133,424
8640 Shaughnessy	14			7057 Salsbury	44	4,550,000	103,409
8668 Shaughnessy	26	17,185,000	114,567	4305 Maywood	15	1,450,000	96,667
8665 Shaughnessy	35	Sold as a package		6557 Burlington	31	3,980,000	128,387
8685 Shaughnessy	21			★ 6663 Sussex	10	1,050,000	105,000
8686 Shaughnessy	27			6729 Marlborough	8	1,050,000	131,250
1125 W 71st Ave	8	1,050,000	131,250	6665 Royal Oak	19	2,288,000	120,421
1198 W 70th Ave	12	1,472,000	122,667	4290 Maywood	26	3,320,000	127,692
1067 W 70th Ave	8	1,050,000	131,250	3860 Albert St	36	4,488,000	124,667
8626 Fremlin	8	990,000	123,750	Total	410	\$ 48,644,000	\$ 118,644
8675 French	72	7,200,000	100,000	Note: 2631-85 W. Broadway in Kitsilano is a 3-year old mixed use complex containing 43 suites that sold for \$20,200,000 - not included in any statistical reports.			
1436 W 71st Ave (RESOLD)	11	1,580,000	143,636				
Total	290	\$ 33,322,000	\$ 114,903				

ADDRESS	SUITES	\$ PRICE	\$ PER/UNIT	ADDRESS	SUITES	\$ PRICE	\$ PER/UNIT
New Westminster				Richmond			
1303 8th Ave	41	3,750,000 (EST)	91,463	12040 2nd Ave (ST)	7	1,920,000	274,286
329 Sherbrooke St	60	5,700,000 (EST)	95,000	8580 Cook (ST TH)	11	3,200,000	290,909
905 4th	42	3,990,000 (EST)	95,000	★ 8351 Bennett	38	3,885,000	102,237
1021 4th	42	3,990,000 (EST)	95,000	Total	56	\$ 9,005,000	\$ 160,804
515 9th Street	47	4,000,000	85,106	Delta			
301 Carnovan	16	1,535,000	95,938	5557 14B	17	2,000,000	117,647
420 Ash	41	3,485,000	85,000	Total	17	\$ 2,000,000	\$ 117,647
727 Fourth Ave	10	720,000	72,000	Surrey			
125 8th	11	1,005,000	91,364	13370 King George Hwy	77	5,050,000	65,584
810 St Andrews (HR)	117	14,000,000	119,658	13929 104 Ave	44	3,750,000	85,227
711 5th (HR)	125	11,000,000	88,000	14910/921 104th Ave } 14950 105th Ave } 10965-75 136 Street } 11024-30 136 Street } 10030 137A Street	150	10,050,000	67,000
★ 1002 6th Ave	21	1,935,000	92,143	10965-75 136 Street	133	7,442,840	55,961
441 9th Ave	12	1,300,000	108,333	11024-30 136 Street			
111 Agnes	17	1,153,000	67,824	10030 137A Street	57	5,200,000 (EST)	91,228
522 Ash	16	1,400,000	87,500	Total	461	\$ 31,492,840	\$ 68,314
525 -11th St. (HR)	73	7,350,000	100,685	White Rock			
Total	691	\$ 66,313,000	\$ 95,967	15158 Royal Ave	28	4,100,000	146,429
North Vancouver				1331 Merklin	20	1,640,000	82,000
140 W 5th (share purchase)	39	5,070,000	130,000	★ 1497 Martin	20	2,115,000	105,750
122 W 4th (share purchase)	33	4,280,000	129,697	Total	68	\$ 7,855,000	\$ 115,515
125 W 5th (share purchase)	43	5,590,000	130,000	Coquitlam			
409 St Georges (share purchase)	48	6,240,000	130,000	★ 1114-30 Howie Ave	54	4,325,000	80,093
328 E 3rd St	42	6,090,000 (EST)	145,000	1124 - 1214 King Albert	66	6,567,000	99,500
225 E 13th St	47	6,815,000 (EST)	145,000	600 Smith	105	9,977,612	95,025
1550 Eastern Ave	23	3,408,000	148,174	751 Clarke Rd	34	3,060,000 (EST)	90,000
170 E 5th St	53	7,300,000	137,736	544 Sydney	74	8,250,000 (EST)	111,486
120 W 19th St	23	3,613,000	157,087	Total	333	\$ 32,179,612	\$ 96,635
2855 Mtn. Hwy	9	1,400,000	155,556	Port Coquitlam			
362 E 10th St.	7	1,120,000	160,000	2120 Central (ST)	24	3,135,000	130,625
358 E 3rd St.	19	2,250,000	118,421	2232 Atkins	12	1,175,000	97,917
220 E 12th St.	11	1,515,000	137,727	2209 Atkins	9	642,000	71,333
362 E 10th St. (RE-SOLD)	7	929,000	132,714	2334-8 Marpole (ST)	12	1,400,000	116,667
★ 275 E 13th St.	21	2,750,000	130,952	Total	57	\$ 6,352,000	\$ 111,439
155 W 13th St.	32	4,200,000	131,250	Maple Ridge			
★ 2125 Munster (TH)	6	1,650,000	275,000	22315-35 Lougheed Hwy	15	2,150,000	143,333
1629 St George	11	1,600,000	145,455	(inc 3 com)			
2540 Lonsdale	13	1,498,000	115,231	11698 224 St	22	1,410,000	64,091
2931 Mtn Hwy	18	2,650,000	147,222	★ 20320 114th Ave (TH)	16	2,050,000	128,125
★ 125 E 5th St.	53	4,800,000	90,566	11895 Laity St	36	2,275,000	63,194
2875 Mtn. Hwy	18	2,800,000	155,556	21537 Mayo Pl (ST)	8	1,030,000	128,750
2697 Whitely Court (DS)	47	10,688,000	227,404	22355 McIntosh (incl com)	21	1,400,000	66,667
Total	623	\$ 88,256,000	\$ 141,663	Total	118	\$ 10,315,000	\$ 87,415
West Vancouver				Langley			
1370 Duchess (share purchase)	36	7,600,000	211,111	5400 204th Street	32	\$2,750,000	\$85,938
Total	36	\$ 7,600,000	\$ 211,111	Total	32	\$2,750,000	\$85,938

★ SOLD BY THE GOODMAN TEAM

(HR) highrise, (TH) townhouse, (ST) strata, (DS) development site

The sale information provided is a general guide only.

There are numerous variables to be considered such as:

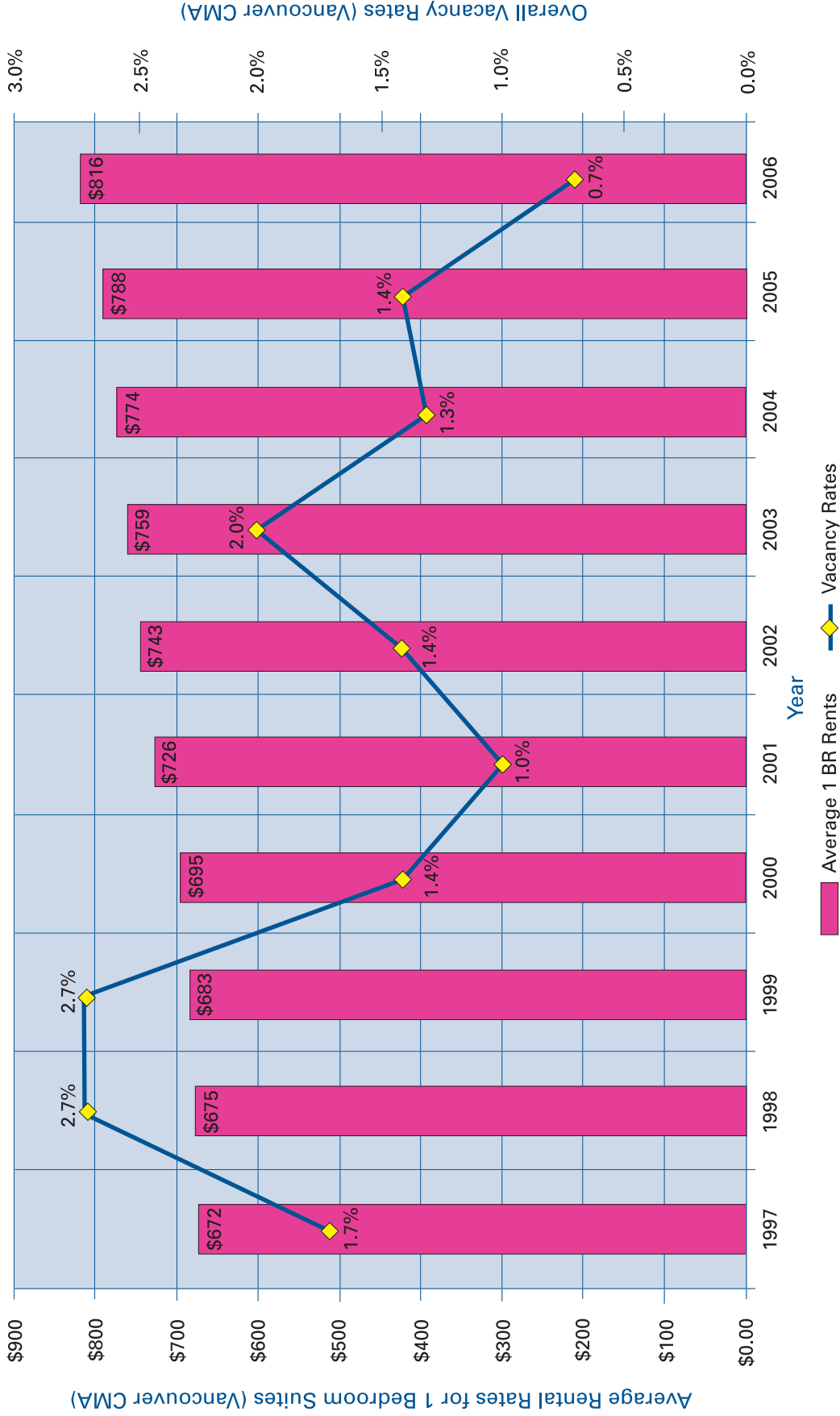
- 1) Suite Mix; 2) Rents/ft.; 3) Net leasable feet; 4) Buildings' age and condition;
- 5) Location; 6) Frame or High Rise; 7) Strata vs. Non-Strata; 8) Land Value (Dev. Site);
- 9) Special financing; 10) Asset vs. Share Purchase.

The information contained herein was obtained from sources which we deem reliable, and while thought to be correct, is not guaranteed by Macdonald Commercial Real Estate Services Ltd.

This is not intended to solicit properties already listed for sale with another agent.

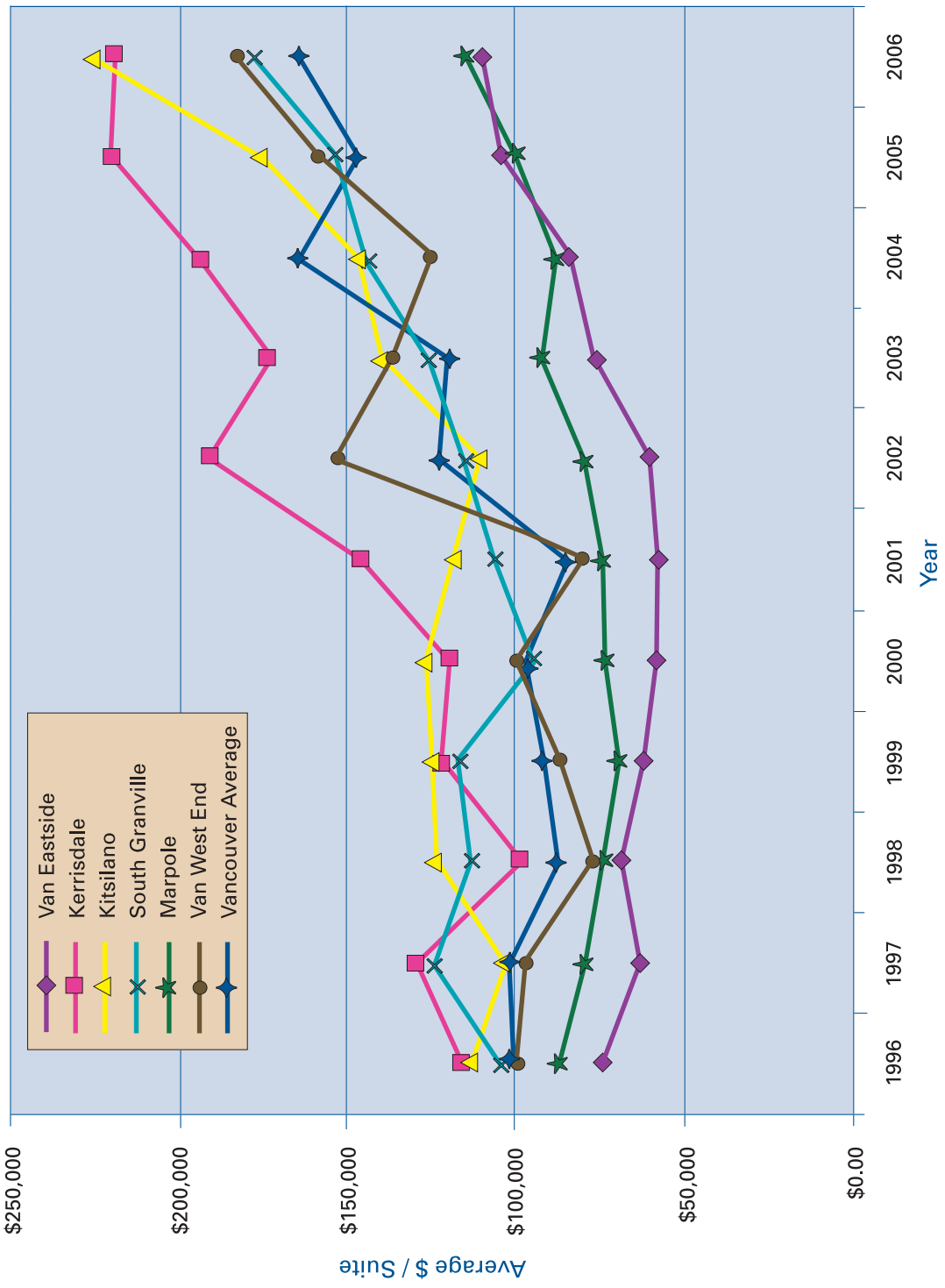
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A 10 Year Picture of Greater Vancouver CMA Average 1 Bedroom Rents and Vacancy Rates



Source: CMHC

Vancouver Neighbourhood Breakdown 1996 – 2006 Average Price Per Suite



Source: Goodman Report



Goodman's Performance Stands Out.

**FACT: The Goodman Team,
BC's leading apartment specialist,
is number one in buildings sold
and dollar volume
2003, 2004, 2005, 2006 & 2007.**

Seeking standout market intelligence?

Read *The Goodman Report*, David and Mark Goodman's free online newsletter, in which the father-son team share their latest insights and current listings on the apartment building and development site industry. Subscribe to: www.goodmanreport.com

The Goodman Team

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