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British Columbia
Apartment Owners &
Managers Association

BCAOMA

Semi-Annual Meeting

Hyatt Regency Hotel

October 22, 2003



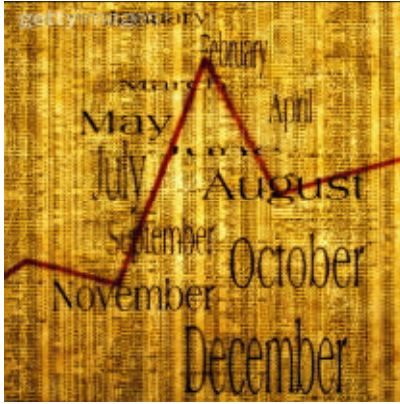


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1. **An Overview of the Vancouver Lower Mainland Apartment Market**
2. **An Effective Strategy to Realize Your Building's Full Potential in a Competitive Rental Environment**

*A Report by David Goodman,
Macdonald Commercial Real Estate Services*



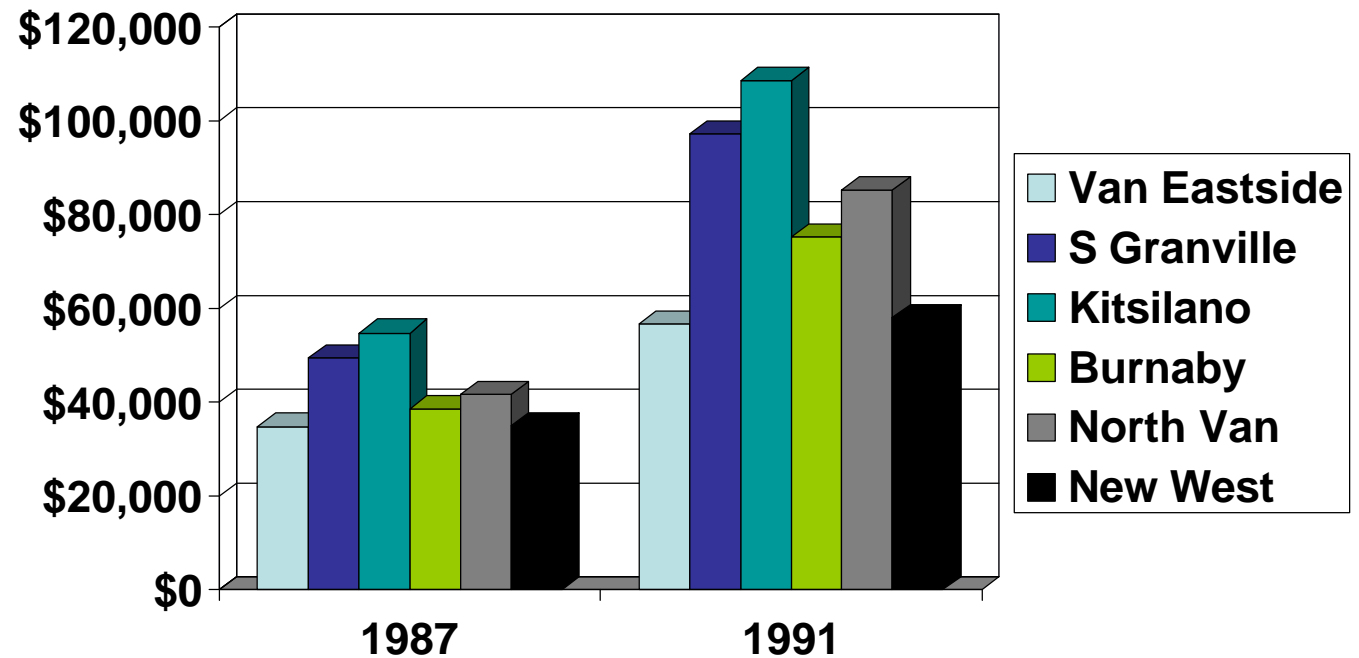


SIXTEEN YEARS AGO

A Period of Wild Exuberance:

Between 1987 – 1991 Average \$ / Suite Increased 62% - 103% Depending on the Area.

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INVESTMENT RATIONALE

Boom of the Late 1980s

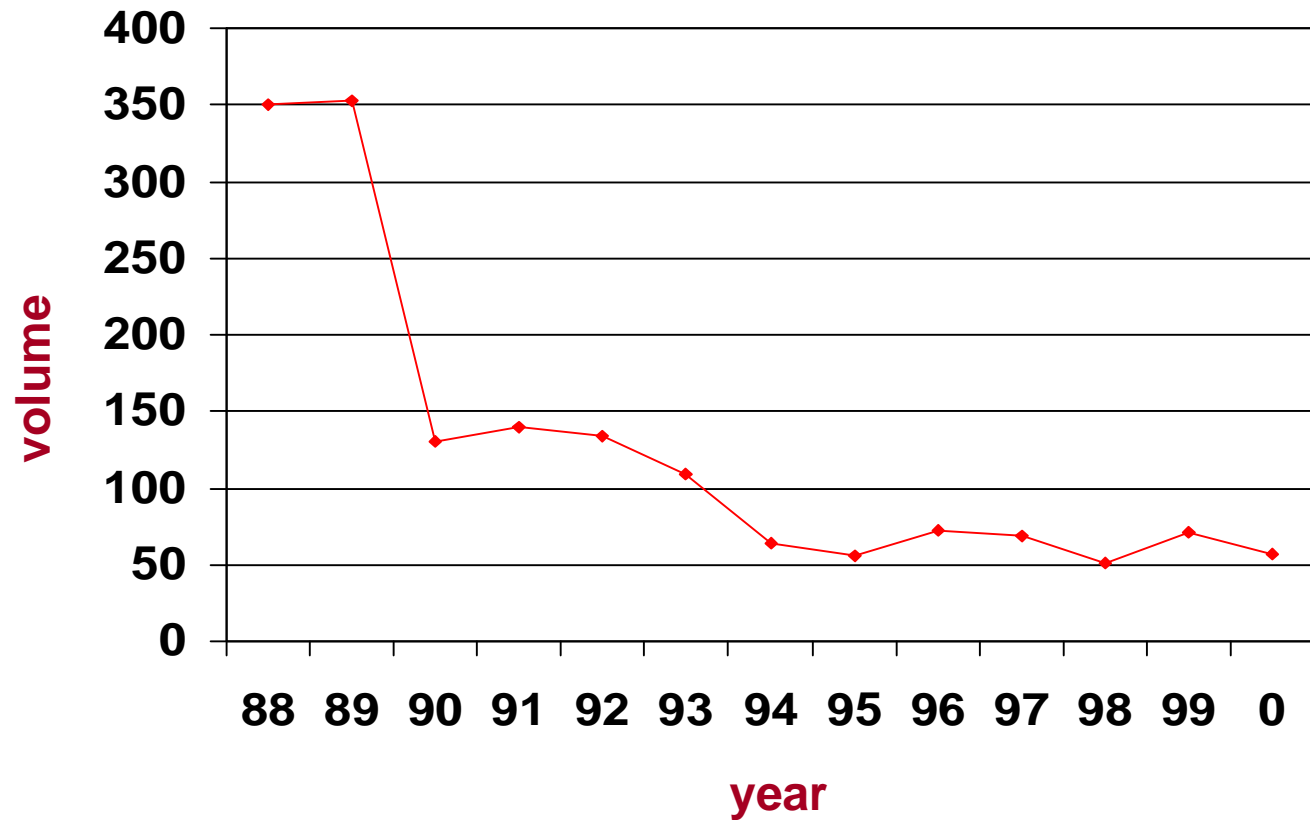
- Period of high inflation
- Capital appreciation vs NCF
- Speculation / flipping / multiple offers
- Off shore investors



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MARKET ACTIVITY

Sold Buildings 1988-2000:





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MARKET SENTIMENT: mid to late 90s

**Negative Factors Working
Against the Industry Under
the Previous Government**

- Poor global view of BC
- High taxes
- Intrusive government policies
- Leaky condo scare
- Migration of population

A POSITIVE: Mortgage rates in decline!



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MARKET INERTIA

1991 vs 2001

Average \$ / Suite:

	1991	2001	Variance
<i>Kits</i>	108,523	117,137	8.0%
<i>S Granville</i>	97,130	105,825	9.0%
<i>West End</i>	80,881	80,738	0
<i>Marpole</i>	74,957	74,160	-1%
<i>Kerrisdale</i>	154,486	146,042	-5.7%
<i>Van East</i>	56,689	58,007	2.3%
<i>North Van</i>	85,141	78,070	-8.0%
<i>Burnaby</i>	75,166	74,371	-1.0%
<i>New West</i>	58,080	47,519	-18.0%



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POSITIVE FACTORS 2001

A Convergence

- New Liberal government
- Lower provincial taxes
- Capital gains reduction
- New rental construction
- Lower vacancy rates
- Low mortgage rates
- Institutional investors
- Proposed new Residential Tenancy Act
- Stock market woes

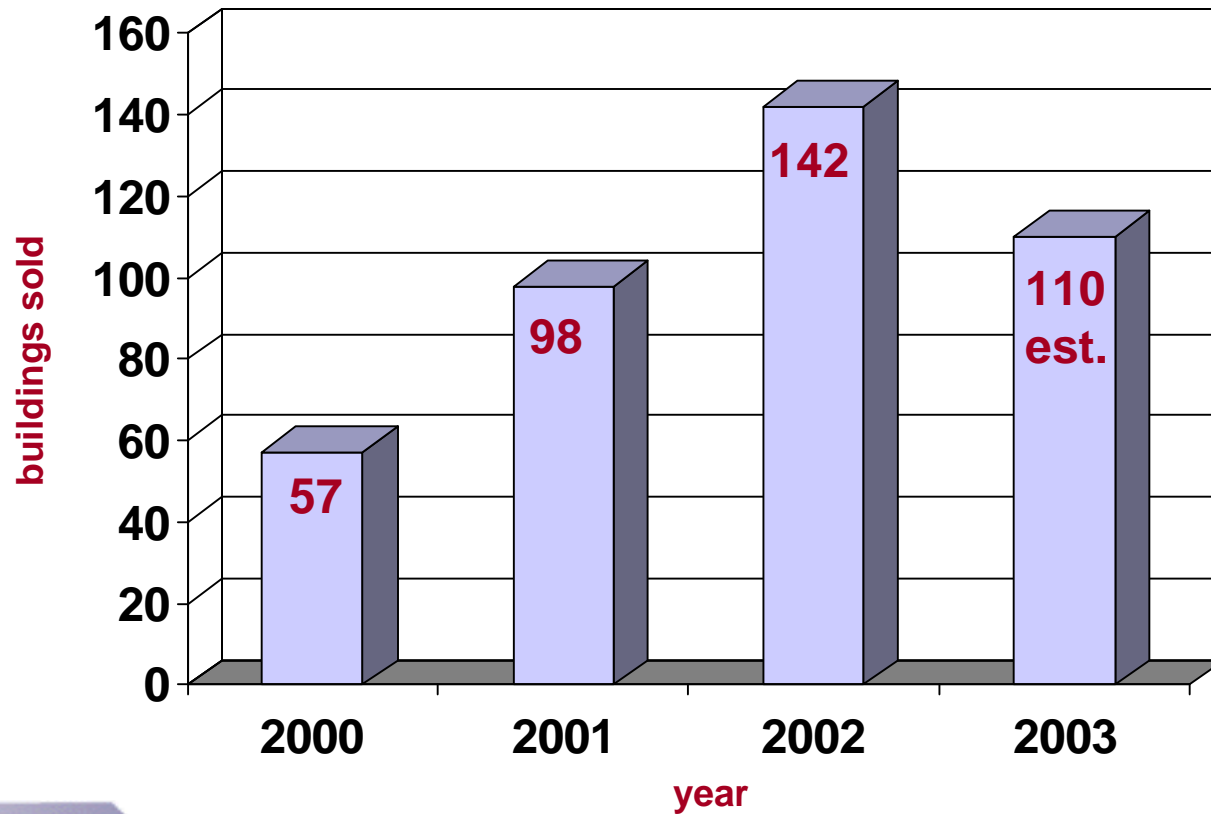


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YEAR TO YEAR COMPARISONS

Buildings Sold (Volume)

2000-2003



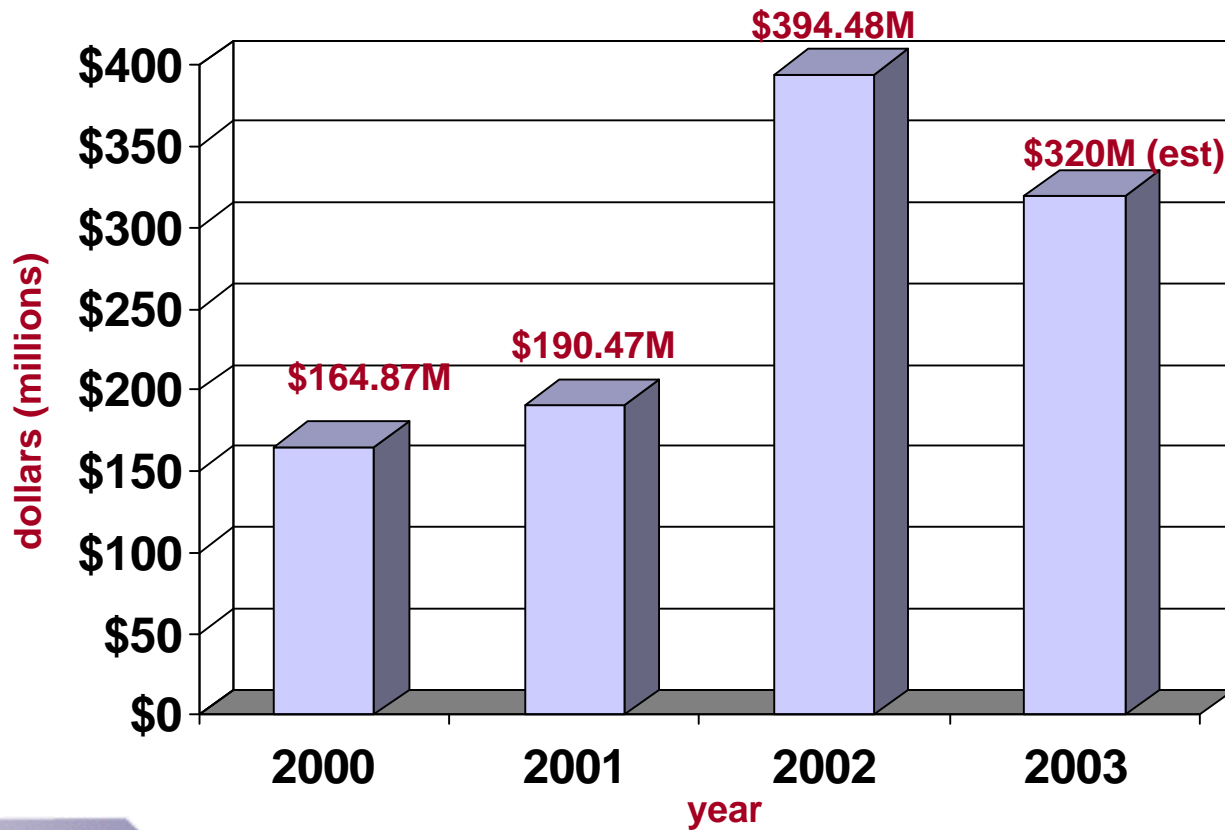


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YEAR TO YEAR COMPARISONS

Dollar Volume (Millions)

2000-2003



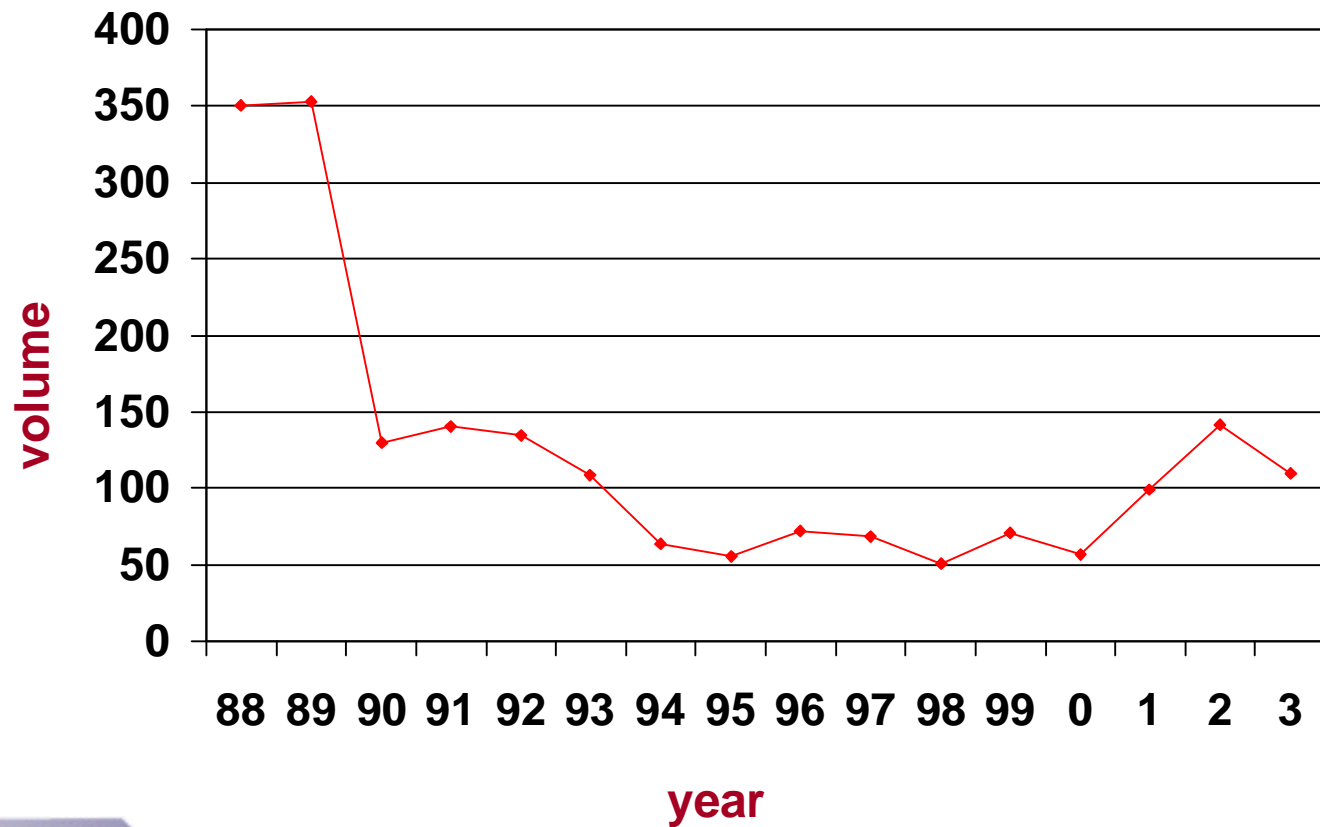


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YEAR TO YEAR COMPARISONS

Building Sold (Volume)

1988-2003





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YEAR TO YEAR COMPARISON

2002 – 2003 Sales and Pricing Highlights:

	2002 12 months		2003 10 months		
	2002 Buildings Sold	2002 \$/Suite	2003 Buildings Sold	2003 \$/Suite	Average \$/Suite
VANCOUVER					
East Vancouver	19	\$60,429	15	\$76,975	+27%
Kerrisdale	8	\$191,342	2	\$173,055	-10%
Kits	12	\$111,435	4	\$140,500	+26%
Marpole	13	\$80,233	14	\$95,145	+18%
South Granville	14	\$114,869	14	\$128,590	+12%
West End	9	\$152,904	6	\$136,830	-9%
Burnaby	21	\$78,355	12	\$74,928	-5%
Coquitlam	2	\$65,686	3	\$70,410	+7%
New Westminster	17	\$63,210	12	\$70,770	+11%
North Vancouver	14	\$88,823	5	\$86,890	-2%
Port Coquitlam	0	-	2	\$79,889	-
Surrey	3	\$69,374	4	\$77,778	+12%
White Rock	9	\$88,210	2	\$83,212	-6%
West Vancouver	1	\$114,285	1	\$182,353	+59%
TOTAL	142		93		

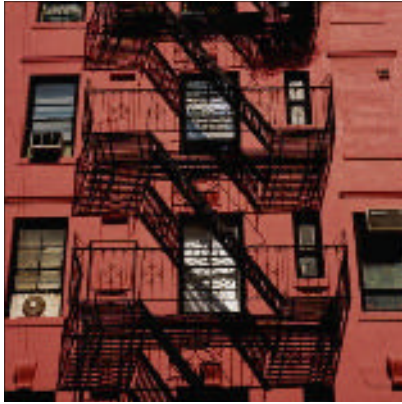


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MAJOR APARTMENT SALES 2003

Address	Suites	Price
5976 Tisdall, Vancouver	47	\$8,200,000
**603-633 West 8th Avenue, Vancouver	134	\$20,000,000 plus
1498 Harwood, Vancouver	55	\$6,500,000
1212 Howe St. , Vancouver	150	\$21,500,000
1850 Southmere, Surrey	77	\$6,020,000
1555 Esquimalt, West Vancouver	51	\$9,300,000
**20011 56th Avenue, Langley	35	\$3,750,000
1310 Caribou, New Westminster	60	\$5,500,000
1288 Broughton, Vancouver	42	\$5,400,000
2266 W. 1 st Avenue, Vancouver	30	\$4,200,000
2830 Hemlock, Vancouver	36	\$3,600,000
10030 137A, Surrey	57	\$4,100,000
544 Sydney, Coquitlam	74	\$6,000,000
1011 Beach Avenue, Vancouver	220	\$29,300,000
**215 St. Andrews, North Vancouver	45	\$3,500,000

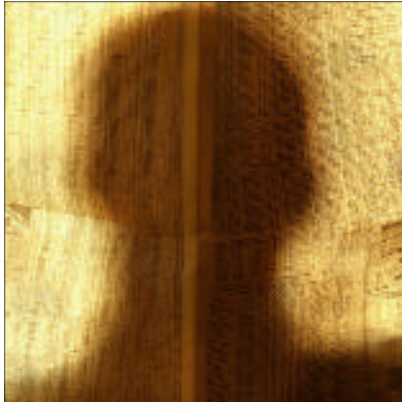
****Sold by David Goodman**



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AREAS TO WATCH

- **Great Northern Way** (*Finning site - BCIT, SFU, UBC, ECIAD*)
- **Terminal Avenue** – *rezoning likely to go ahead*
- **Main Street** (*Mount Pleasant*)
- **Cambie Street** – LRT
- **Surrey**
- **Burnaby's Middlegate Area** – *Bosa's development*



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WHO ARE TODAY'S BUYERS?

A Profile

- Owners of mid-sized portfolios (200-500 suites)
- Institutions
- Older, established families
- First time buyers



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MARKET FUNDAMENTALS

Then and Now

Why is today's market so totally different from the late 1980s?

Late 1980s	2003
•Inflation	•No inflation
•Speculation	•Buying on fundamentals
•10% mortgages	•4.5% - 5.5%
•5.5% - 7.5% cap	•4.5% - 7.5% cap
•NCF	•PCF



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CONDO STATISTICS

Rennie Marketing States:

- Lowest inventory of condos in 18 years
- Lowest mortgage rates in 40 years
- Extremely high demand



THEY RE-INVEST IN THEIR BUSINESS

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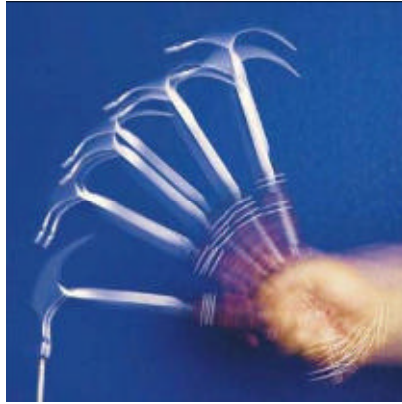




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OPERATION: MAXIMIZE POTENTIAL





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RENOVATION COSTS

For Common Area

Upgrade laundry room \$ 2,000

Assumptions

Apartment: 20 suites
Location: Vancouver's Westside
Construction: Three storey wood frame walk up (stucco exterior)
Year Built: 1968
Parking: Rear surface
Corridor Size: 300 SF
Lobby Size: 400 SF
Ave Unit Size: 600 SF (Mix b/w 1 & 2 bedrooms) – 4 Bach, 14 – 1 Br, 2 – 2 Br
Total leasable 14,800
Windows: 40 (5'x 3' retro-fit)
Patio doors: 20 (Std 5' wide)
Kitchen: 10' galley style (Double banked)
Landscaping: At front along walkway & entrance only
Carpeting: \$2.50 supplied & installed
Lighting: Power Smart fluorescent Bulb & Std Fixtures
Exterior: Foot print 75' x 50'
Doors: Solid Core
Balconies: 10' x 5'
Boiler: 400,000 btu
Roof & piping: Done

Replace boiler for radiant heat & hot water \$ 10,000

Miscellaneous \$ 10,000

Total Upgrade Costs \$236,500+ 20 units
\$11,825 /suite



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BEFORE AND AFTER

A Scenario:

Improved Value	\$3,140,000	Potential Gain	\$726,500
Unimproved Value	<u>\$2,414,000</u>	Cost of Upgrades	<u>\$236,500</u>
Potential Gain	\$726,000	Total Profit	\$490,000

= 220% profit



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UPGRADES PAY HUGE DIVIDENDS

Benefits from Upgrade:

- Higher rents per square foot
- Lower vacancies
- Easier to re-rent vacant suites
- A more valuable asset
- Easier to refinance
- Easier to “insure”



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JACK OF ALL TRADES

The Many Hats Owners Wear:

- Bookkeeper
- Social-worker
- Carpenter
- Painter
- Psychologist
- Plumber
- Economist
- Cleaner
- Electrician
- Gardener
- Enforcer
- Sanitation-engineer



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Picture Gallery
Click below to view pictures of this property. (4) photos shown.

Building Description
This vibrant property is a two-story townhouse with a finished basement. It features a modern kitchen with granite countertops, stainless steel appliances, and a full suite of fixtures. The property is located in a prime location with easy access to public transit and shopping.

Key Features:
- Hardwood flooring throughout
- Granite countertop
- Stainless steel appliances
- Full suite of fixtures
- Finished basement with laundry room
- Close to public transit
- Shopping nearby
- See lighting fixture in main

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COMPANY STATISTICAL DATA OF THE LATEST ISSUANCE TO JULY
 (Data as of July 1, 2011) (Subject of 2011 Financing: \$200M BONDING)

Company	Year	Revenue	EBITDA	Operating Income	Net Income	Capital Expenditures	Debt	Equity	Market Value
ABC Corp	2010	1,200,000	300,000	200,000	150,000	50,000	1,000,000	500,000	10,000,000
DEF Inc	2010	800,000	200,000	150,000	100,000	30,000	700,000	350,000	7,000,000
GHI Ltd	2010	600,000	150,000	100,000	70,000	20,000	500,000	250,000	5,000,000
JKL Co	2010	400,000	100,000	70,000	50,000	15,000	350,000	180,000	3,500,000
MNO Corp	2010	300,000	70,000	50,000	35,000	10,000	250,000	120,000	2,500,000
PQR Inc	2010	200,000	50,000	35,000	20,000	5,000	150,000	70,000	1,500,000
STU Ltd	2010	150,000	40,000	25,000	15,000	3,000	100,000	50,000	1,000,000
VWX Co	2010	100,000	25,000	15,000	8,000	2,000	70,000	35,000	700,000
YZA Corp	2010	75,000	18,000	10,000	5,000	1,500	50,000	25,000	500,000
BCD Inc	2010	50,000	10,000	5,000	3,000	1,000	30,000	15,000	300,000
EFG Ltd	2010	35,000	7,000	3,500	2,000	700	20,000	10,000	200,000
HIJ Co	2010	25,000	5,000	2,500	1,500	500	15,000	7,000	150,000
KLM Corp	2010	18,000	3,500	1,800	1,000	350	10,000	5,000	100,000
NOP Inc	2010	12,000	2,500	1,200	600	250	7,000	3,500	70,000
QRS Ltd	2010	8,000	1,800	800	400	150	5,000	2,500	50,000
TUV Co	2010	5,000	1,000	500	250	80	3,000	1,500	30,000
WXY Corp	2010	3,000	600	300	150	40	1,800	900	18,000
ZAB Inc	2010	2,000	400	200	100	30	1,200	600	12,000
ACD Ltd	2010	1,500	300	150	75	20	900	450	9,000
EFG Co	2010	1,000	200	100	50	15	600	300	6,000
HIJ Corp	2010	700	140	70	35	10	400	200	4,000
KLM Inc	2010	500	100	50	25	7	300	150	3,000
NOP Ltd	2010	350	70	35	18	5	200	100	2,000
QRS Co	2010	250	50	25	13	3	150	75	1,500
TUV Corp	2010	180	36	18	9	2	100	50	1,000
WXY Inc	2010	120	24	12	6	1	70	35	700
ZAB Ltd	2010	80	16	8	4	1	50	25	500
ACD Co	2010	60	12	6	3	1	35	18	350
EFG Corp	2010	40	8	4	2	0.5	25	12	250
HIJ Inc	2010	30	6	3	1.5	0.5	18	9	180
KLM Ltd	2010	20	4	2	1	0.3	12	6	120
NOP Co	2010	15	3	1.5	0.7	0.2	9	4.5	90
QRS Corp	2010	10	2	1	0.5	0.1	6	3	60
TUV Inc	2010	7	1.4	0.7	0.3	0.1	4	2	40
WXY Ltd	2010	5	1	0.5	0.2	0.05	3	1.5	30
ZAB Co	2010	3	0.6	0.3	0.1	0.05	2	1	20
ACD Corp	2010	2	0.4	0.2	0.1	0.05	1.5	0.7	15
EFG Inc	2010	1.5	0.3	0.1	0.05	0.05	1	0.5	10
HIJ Ltd	2010	1	0.2	0.1	0.05	0.05	0.7	0.3	7
KLM Co	2010	0.7	0.1	0.05	0.05	0.05	0.5	0.2	5
NOP Corp	2010	0.5	0.1	0.05	0.05	0.05	0.3	0.1	3
QRS Inc	2010	0.3	0.05	0.05	0.05	0.05	0.2	0.1	2
TUV Ltd	2010	0.2	0.05	0.05	0.05	0.05	0.1	0.05	1
WXY Co	2010	0.1	0.05	0.05	0.05	0.05	0.05	0.05	0.5
ZAB Corp	2010	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.2





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Solutions for BC's Precarious Health Care System

By Larry Jacobson
October 2012

Ten years ago I felt our health care system in Canada would take care of me. I'm not too sure any more - I have a good doctor who cares about my health. However, our system and certainly our politicians care little about our health, and there lies the problem. Thankfully, the worst that I, or anyone in my family, have ever had to do in recent years is get a stitch or two or an antibiotic for a nasty cough.

I am pragmatic enough to realize that my good health may be fleeting. If I am diagnosed with heart disease, cancer, or any number of other diseases that could either cause my death, or drastically change my quality of life, I want to make sure that I have the financial ability to afford the best medical care possible or provide care that takes the burden away from my family. As you are all aware, wealth in Canada can only buy the ability to visit the United States to seek medical care. In fact, the National Health Act (NHA) funds the care of private medical facilities in provinces, general health care by the population. This is where a Critical Illness Policy (CIP) has to be examined.

Critical illness coverage, simply stated, is a policy that will pay you a certain sum of money in the event of a defined critical illness. Defined critical illnesses can be as few as four (Cancer, Heart Disease, Heart Attack, Stroke or Cancer) or as many as fourteen. The four mentioned plus a "baggy of others". I purchased the broad coverage so that if I get one of 14 illnesses, such as Alzheimer's or a stroke, my family will be in a position to provide for my care and I will not become a burden.

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New York To Manage Your Assets Wisely

By Peter Jacobson
March 2012

I have advised in past columns to first consider how the structure of a holding company may be better than a trust, and then explore plans. Additionally, the holding company can be a useful tool for estate planning. Now, it is time to go back to plan in the USA, which will be the focus of this column.

It is almost a year since we have had a good election. The ability to forecast what our expected performance will be over the next year is uncertain. The ability to forecast what our expected performance will be over the next year is uncertain. The ability to forecast what our expected performance will be over the next year is uncertain.

Through the use of a trust (or a trust-like structure), you can structure your estate to ensure that your assets are managed and protected in the most efficient and effective manner possible. This is particularly true in the case of a trust (or a trust-like structure) that is used to manage your assets.

The complexity and cost of a trust (or a trust-like structure) can be high. However, the benefits of a trust (or a trust-like structure) can be high. However, the benefits of a trust (or a trust-like structure) can be high.

As a result, the use of a trust (or a trust-like structure) can be a valuable tool for estate planning. The use of a trust (or a trust-like structure) can be a valuable tool for estate planning.

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LOWER MAINLAND FORECAST

What's Ahead:

- Increasing sales activity
- Modest price increases - \$/suite
- Higher vacancy levels – 3.5% to 4.0% range
- More competitive rental market – need to upgrade
- Only slight rental increases



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