The Newsletter for Apartment Owners since 1983

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Goodman report:

2022 Metro Vancouver Rental Apartment Review

Douglas Coupland, *I just want to lick it*, 2021, 24″ × 24″, Transmount, LED light panel, wooden frame, Goodman + Jagger Collection, Vancouver.

IN THIS ISSUE

ONWARD AND UPWARD IN 2023

What a difference a year makes—or does it? Looking back at our past few intro letters for this annual publication, hope for positive change to start each year has been a theme since 2020. As we sit down to write this intro, overlapping crises of healthcare and housing make 2023 feel eerily similar. Vancouver and the rest of the world want to turn the page on a difficult chapter, but it's anyone's guess if the coming year will bring better times or more of the same.

When it comes to multifamily investment activity, 2022 felt a bit two-faced. The first quarter roared with the same sales velocity as 2021, while the latter half of the year all but stalled. Once April hit, the next three quarters felt like a roller coaster. For that bumpy ride, you can thank seven unrelenting hikes to the Bank of Canada's interest rate, plus an eighth already upon us in 2023.

Buyers and sellers have been staring each other down in all commercial real estate asset classes, especially for development land, over the past six months. The reasons for buying and selling remained, though the pace at which owners and investors made business decisions slowed substantially. We were fortunate to close several deals and help establish new benchmark pricing to assist with market comparable analysis in a changing market.

After a slower than average second half in 2022, we've seen a jump in calls and activity so far this year. No matter what's happening in the world—or perhaps because of it—well-located buildings in Vancouver always generate interest. As a result, we have multiple properties under contract and closing and are arranging many tours.

As public speakers and opinion leaders, we do our part to influence policy changes that create more rental housing, and last year was no exception. We participated in podcasts, webinars, and media interviews. We were moderators and panelists for events and organizations such as the Canadian Apartment Investment Conference, the Vancouver Real Estate Forum, the Western Canada Apartment Investment Conference, and Phoenix Group.

Our research, insights, sales announcements, and op-eds were covered by media outlets including *The Vancouver Sun, Business in Vancouver, Western Investor, Daily Hive, Real Estate News Exchange, The Orca, The Georgia Straight, Burnaby Now, North Shore News, The Tyee, and The Globe and Mail*. It's an honour to provide real-time commentary to assist investors, owners, and the public with their decisions.

As always, we encourage you to reach out to chat—about the market, a recent sale, your property, or a policy or area plan and what it means for you. We pride ourselves on having the answer or on being able to direct you to someone we trust who offers good advice, year after year.

All the best,
Mark Goodman and Cynthia Jagger

Giving back

In 2022, we've supported several charitable organizations whose work we care about. We've donated both financially and with our time. In case you'd like to contribute as well, here is the list:

- Covenant House Vancouver
- BC Children's Hospital
- Tikva Housing Society
- Jewish Family Services
- Jewish Federation
- Arts Umbrella
- Music Heals Charitable Foundation
- Canadian Cancer Society
- Cystic Fibrosis
- Alzheimer Society
- Louis Brier
- Little Mountain Baseball

CAP ON RENT HIKES IN 2023 ADDS TO B.C. LANDLORDS' CHALLENGES

Well, here we go again. The B.C. government has announced 2% as the maximum allowable rent increase for 2023.

This annual increase is typically based on the 12-month average percent change in the all-items Consumer Price Index for B.C. ending the previous July. By that measure, for the 12 months from August 2021 to July 2022, the rate should have been 5.4%.

But last June, the provincial government signaled that it was considering policy options to ease the burden for tenants saddled with rising inflation. The reduced rate results from a desire to give British Columbians a break on rent while they're also paying more for other items like food and gas.

For landlords, this cap on rental increases is challenging, given that expenses such as property taxes, maintenance, utilities, and insurance have risen exponentially compared to past years. Landlords were already contending with two years of temporary rent freezes. By our count, it's the fourth year this government has meddled with rental rates since coming to power five years ago. Previous impositions took place in 2019, 2020, and 2021.

Meanwhile, rapid inflation has reared its head as an additional hardship for British Columbians, hitting 8% year-over-year in B.C. as of July 2022 (B.C. all-items CPI, August 16). To make matters worse, the Bank of Canada has repeatedly hiked the overnight interest rate at a speed not seen since 1994, prompting headlines trumpeting the biggest mortgage rate jumps since the 1980s. This along with construction cost increases, supply chain issues for materials, a labour shortage and competition for resources.

Given the impact on existing rental housing and future construction, we hope the provincial government will also announce plans to help landlords with rising costs, along with incentives to build new purpose-built rental properties. For real-world examples demonstrating expense increases over time, see these articles:

Inflation pushes housing providers to the brink
https://goodmanreport.com/market-insights/inflation-pushes-housing-providers-to-the-brink/

With new federal government, we await housing plan
https://goodmanreport.com/market-insights/with-new-federal-government-we-await-housing-plan/

For more information on the rent increase announcement and the rules for delivering notice to tenants, please visit:
https://www2.gov.bc.ca/gov/content/housing-tenancy/residential-tenancies

WHAT'S HOT

- Mark & Cynthia's stellar sales performance encompassing 20 closed properties worth $309 million
- Interest rate pivot discussions
- Missing middle
- Super Bowl Sunday
- ABC Party
- HBO's White Lotus
- New City Councils
- SRP Policy Vancouver
- Rental market

WHAT'S NOT

- Interest rate hikes
- Inflation
- Canucks season
- Ongoing war in Ukraine
- Airport luggage disasters
- Spy balloons
- Crypto busts
- Ye (Kanye West)
- Wait times for medical treatment in BC
- Earthquake in Turkey
- Construction costs

WHO IS BUYING AND WHY?

Your questions, our answers

Talk about finding order in chaos. As volatile financial markets became the norm in 2022, we were fortunate to sell 20 properties, so we have some real-world experience to share. Our fall transactions showcased purchasers' appetite for both apartment buildings and development sites in the higher interest rate climate.

Diving in, here's what we noticed.

As always, people are still buying and selling. The urgency we saw in 2021 from both sides has subsided, making way for thoughtful, methodical, and logical sales processes. As we see it, 2021 compressed 18 months of transactions into one year. That's not a period to use as a baseline for comparison, much like the 2009 downturn or the very liquid markets of 2015–16. For more data on transaction history, check out our 35-year Metro Vancouver review on page 10.

Lately, many readers have asked: With interest rates and inflation at a high, who's buying and why? Here's our exclusive behind-the-scenes take on the buyer profiles we've been coming across.

Buyer profile cases (kept general for confidentiality):

1. Private group – Just sold an office building. Looking to place the proceeds in a stable asset with longer-term redevelopment potential for market and below-market rental.

2. Multigenerational family – Historically, owned rental buildings in the area. Now buying for the long term in a municipality with scarce rental product.

3. Syndicate of local owners – Have successfully operated many rental buildings in the Vancouver area over the past few decades. Astute and appreciate the intricacies of improving suites as they're vacated.

4. Local developer – Long-term success with delivering new rental and strata housing in Metro Vancouver markets.

We continue to field many calls about our listings and upcoming opportunities. We've heard from long-term owners and successful entrepreneurs looking to place funds in recession-resistant investments with extended horizons. Although interest rate increases have affected buying power, the reduced pricing and time needed for due diligence in high-growth areas is a welcome change from the past few years.

Nonprofits have also asked us about options in this slower market with relaxed pricing. The need for both market and non-market rental has never been more pronounced. Nonprofits have a long history of buying and selling apartment buildings in Metro Vancouver, as well as purchasing or partnering on development sites and building new projects.

B.C.'S NEW LEADERS: TRANSFORMATION— OR MORE OF THE SAME?

This fall, British Columbians saw made some leadership changes at the municipal and provincial levels. When it comes to housing, we'll be watching to see if our new leaders deliver on their promises.

Some municipalities witnessed huge shifts in last fall's elections, while others got more of the same. The transition in provincial leadership was expected as David Eby was anointed our 37th premier in November.

City of Vancouver: What's up for rental

Watching one of the first meetings at Vancouver City Hall showed fresh councillors finding their footing. A super-majority will benefit decision-making, though such power brings great responsibility. Amid all the battles that Vancouver is fighting, the previous council's excuses of fracturing will no longer be acceptable. From many residents, including property owners, we've heard cautious optimism.

One interesting recent motion requires City staff to report back on opportunities for fixed-rate community amenity contributions (CACs)[1] in the first quarter of 2023. In our view, as long as there are no CACs for rental projects (remember, rental itself is a CAC![2]) and council resists exorbitant rates, this should help unlock housing faster.

We hope Vancouver's new mayor and council will consider our previous suggestions[3]—most importantly, a suite of new incentives to emancipate the thousands of rental units stuck between approval and construction. Another recommendation: programs that encourage the development of four- to six-storey projects, such as the Secured Rental Policy (SRP), should be expanded into more areas of the city. We also have thoughts on the Broadway Plan and welcome the opportunity to speak to them (Mayor Ken Sim, give us a call!). More certainty and less red tape are needed.

The provincial level: Good and bad housing news

Provincially, *The Vancouver Sun* reports that $1 billion in housing and other commitments[4] were already made during Premier Eby's first week in his new role. On apartment buildings, we see good news but also a serious concern for owners. Here's why.

[1] https://dailyhive.com/vancouver/vancouver-community-amenity-contributions-cacs-reforms-fixed-rate
[2] [3] https://goodmanreport.com/market-insights/the-great-debate-isnt-rental-already-a-community-amenity-contribution/
[4] https://vancouversun.com/news/david-ebys-announcements-total-1-billion-in-first-week-as-premier
[5] https://www.bclaws.gov.bc.ca/civix/document/id/bills/billsprevious/3rd42nd:gov43-1
[6] https://theprovince.com/news/b-c-mayors-blame-province-for-slow-work-on-affordable-housing
[7] https://goodmanreport.com/market-insights/government-intervention-market-downturns/

The positive: New supply targets

The Housing Supply Act (Bill 43) was announced on November 21[5]. The idea: municipalities already deliver housing needs reports, but they'll now each be required to set, with the Province, a housing approval target to be met within a certain timeline. If they miss that target, the Province can address the shortfall through various means. Some municipalities have supported this bill, others not[6]. For municipalities that don't pull their weight, we advocate penalties for continued non-action.

Potential negative: Right of first refusal

For the apartment building sector, our apprehension stems from the new premier's campaign promise to provide a right of first refusal for the purchase of existing rental buildings.

Having dealt with these kinds of obstacles during a transaction, we know that right of first refusal triggers can be complex for both buyers and sellers. Many of our clients sell for reasons such as death, sickness, divorce, or other difficult situations. The idea that a deal is only a deal when a government or similar entity decides to waive its right could have major implications for timeline, liquidity, and value. No details so far, but in our minds, dictating how, when, and to whom a property owner sells doesn't fly.

Also, the waiving party would need significant staff hours, funds, and legal fees to review every real estate opportunity and administer this program. Could this time, taxpayer money, and energy be better spent elsewhere? Finally, ample product is currently listed for sale. There's no need for a leg up, given that any buyer with funds can make an offer right now.

Please watch this space, where we hope owners will weigh in on such policies.

Housing leadership needed

For commercial real estate, the final two thirds of 2022 were tumultuous. Goodman has been fortunate to keep doing business and assisting clients, recently closing two large Westside transactions.

Our 35-year study[7] shows that during every downturn in apartment building sales, government interference has played a role. With inflation stubbornly high, the global economic outlook worsening, and recession looming, the B.C. housing market needs real incentives and sound policies. Now that new leaders are in place, planning for economic growth, boosting the supply of new rental options, and focusing on creating opportunities for British Columbians would be a great start.

METRO VANCOUVER FACTS

Average age of purpose-built rental apartments

64

Number of building transactions in Metro Vancouver for 2022

130

Total sales volume in Metro Vancouver for 2022

$2B

*Average Metro Vancouver vacancy rate of rental apartments in 2022

0.9%

**Average Metro Vancouver cap rate 2022 year-to-date

2.8%

*Average rate of monthly rent in Metro Vancouver for 2022

$1,665

Average price per suite in Metro Vancouver for 2022

$461,546

Total number of apartment owners in Metro Vancouver

2,269

Total number of rental apartment buildings in Metro Vancouver

3,359

*as per CMHC
**as per RealNet

CALLING METRO VANCOUVER CIVIC LEADERS: PERMIT HOUSING, NOT OBSTACLES

It's no secret that purpose-built rental properties are scarce in B.C., thanks to decades of depressed construction and a lack of policies encouraging delivery. In Metro Vancouver, a short-lived break from near-zero vacancy and higher rents occurred mid-pandemic, in the fall of 2020. We're now miles away from that brief reprieve as asking rates climb at a rapid clip year-over-year. Canada Mortgage and Housing Corp. recently published a study[1] demonstrating the need for hundreds of thousands of new rental units in B.C. over the next few years (and millions nationally), well beyond current production.

The past year has challenged the case for building rental. Factors include:

- Increases in construction costs, both labour and materials
- Shortages of building supplies in a global market
- Interest rate hikes at a pace we haven't seen in 30 years
- Higher operating expenses such as property taxes, insurance, and maintenance
- Rental rate increases capped at 2% (following three previous provincial interventions)

Some rental projects have been sidelined for years, while other builders wonder if they should pause or continue with projects they've lined up. We anticipate that projects under construction will complete, but financing on finished buildings may be less than projected at the beginning of construction. This disconnect will hit smaller builders and nonprofits especially hard. And with only 689 units completed last year in Vancouver—a 1.4% increase in the City's purpose-built rental universe—we know we're doing a fraction of what's needed.

Barring any major policy shifts, financial viability can only improve in a few ways so that a meaningful number of new rental projects can be realized. Either revenue climbs with rising rental rates and decreasing capitalization rates, or construction costs, operating costs, and interest rates go down. Both revenue increases and cost decreases have their downsides for the community. Rapidly rising rental rates, which we're now experiencing, hurt anyone wanting to move, resulting in fewer options for all.

You might wonder why asking rates for rental have surged over the past two years. One reason is that the pandemic created a false economy in which renters vacated suites to move elsewhere, go back home or double up. Also, for

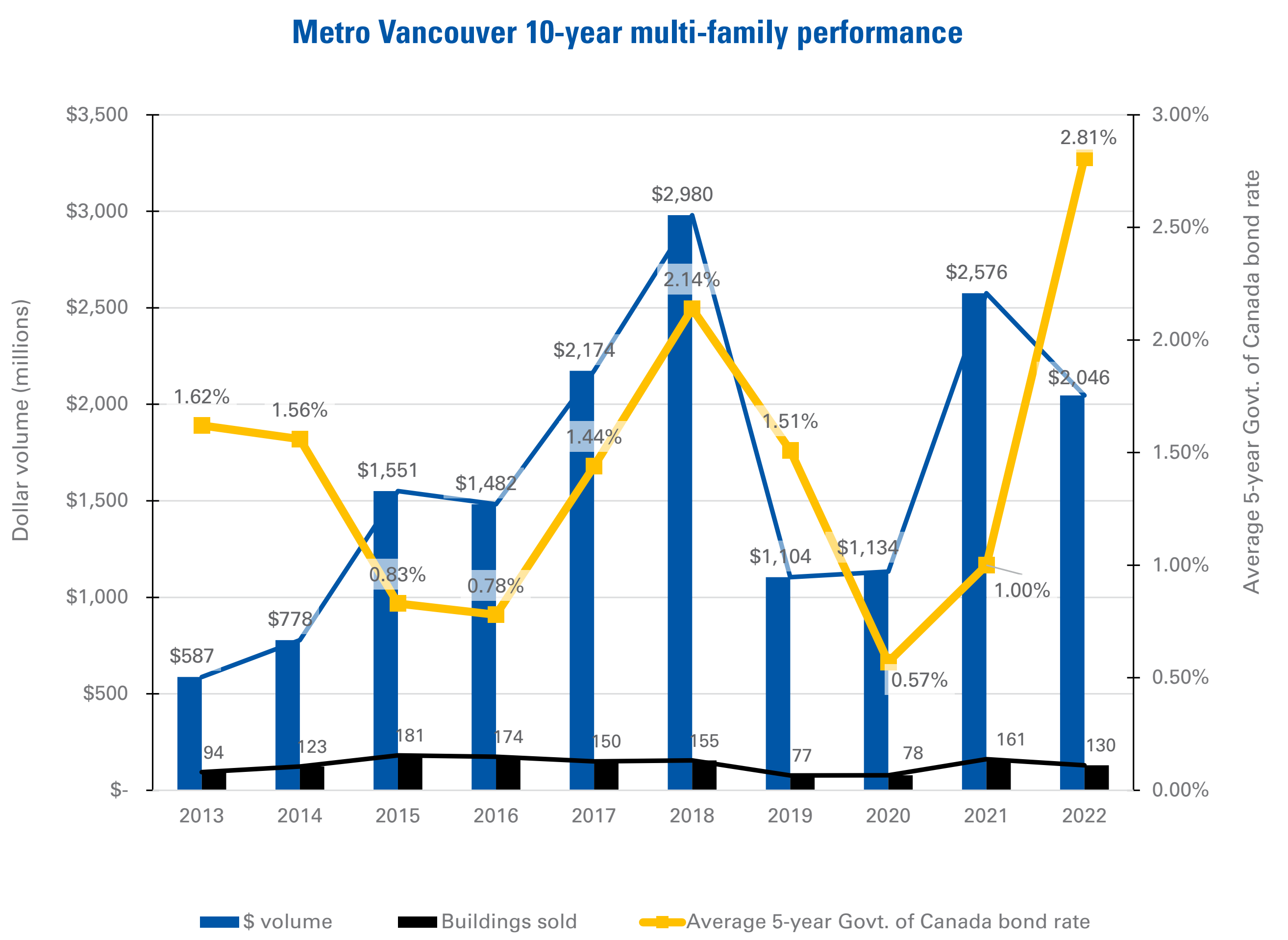
[1] https://www.cmhc-schl.gc.ca/en/blog/2022/canadas-housing-supply-shortage-restoring-affordability-2030

two years university students weren't back at campus, skewing the rental market in a way we'd never seen. While expenses rose, the provincial government capped rental rate increases at zero for two years (2020 and 2021). This seemed justified at the time, but the adjustment has taken its toll, and the increased scarcity of available units and rent hikes are causing hardship for tenants.

All levels of government can be part of the solution. For municipal leaders, proposed rental housing units are falling through the cracks and not moving forward. Thousands of approved units haven't made their way to completion.

Looking ahead, consider B.C.'s population boom. Statistics Canada forecasts more than two million new residents by 2043, with most of the growth in the metro regions. With a federal foreign buyer ban that kicked in on January 1, many people coming to Canada in the next two years will probably need to rent. Unless we change the current trajectory of rental completions, the housing crisis will only worsen.

New rental construction is desperately needed, at a level and pace unthinkable even five years ago. Time will tell how serious our new mayors and councils are about addressing one of the most vital aspects of our cities' future: where and how people will live. Civic leaders should show courage by using thinking creatively and reversing tired policies.



Source: Goodman Report & Bank of Canada

DOES GOVERNMENT INTERVENTION SPELL A RENTAL MARKET DOWNTURN?

What looking at the past can tell about the future

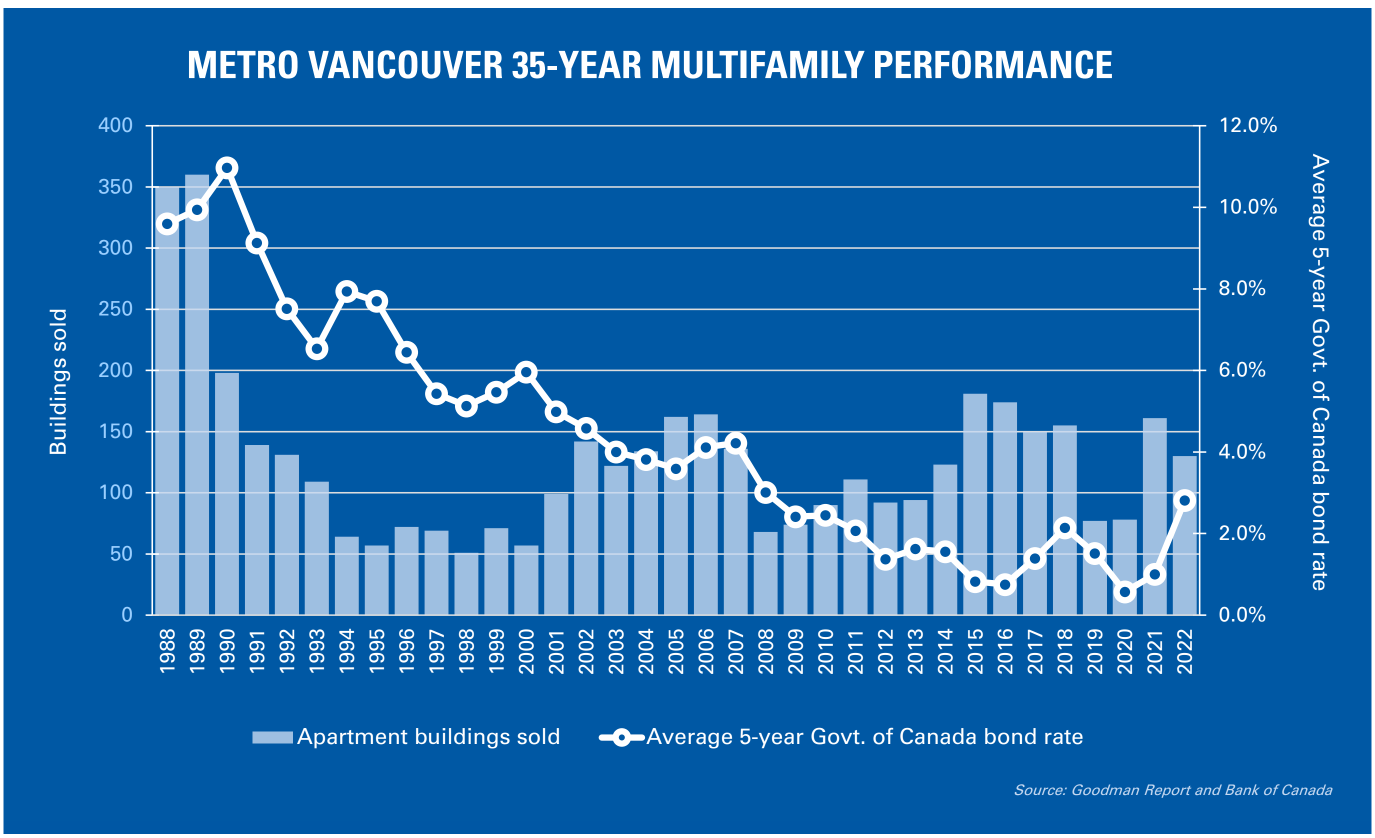
If past performance is no guarantee of future results, we might have found an exception to the rule. Goodman Commercial recently reviewed our newsletters from the previous 35 years. We wanted to chart Metro Vancouver apartment building sales activity to see what past trends could tell us about the future. Our takeaway: The factor that popped up in every market downturn was government intervention.

Looking back, 1988 and 1989 were record years for multifamily transactions in Metro Vancouver. The Goodman Report recorded over 700 sales: 350 in 1988, 360 in 1989. To put that in perspective, deals haven't surpassed 200 in any year since then. Over the 32 years starting in 1990, the market has averaged 113 sales annually. In 2021, we saw 161 transactions, less than 50% of 1988 or 1989 volumes.

You'd think near-zero interest rates would have triggered such a sales boom. However, average five-year Government of Canada bond yields in 1988 and 1989 were 9.6% and 9.9%, respectively. Bank prime rates, meanwhile, averaged 10.7% in 1988 and increased to 13.3% in 1989. Those rates were considered low for the time, a far cry from the early '80s, when bank prime hit 22.75%.

After that, transactions plummeted, dropping to 198 in 1990 (–45% in one year) and to below 100 on an annual basis throughout the '90s. From 1994 to 2001, Metro Vancouver saw an average of just 67 sales per year. Meanwhile, five-year government bond yields declined from more than 10% to the 5–6% range. Bank prime rates sank as low as 4.75%.

If sales volumes were higher than ever in a period of steep interest rates, and falling rates didn't spur more transactions, what caused these major swings in investment activity in Metro Vancouver's multifamily market?



Here's where government intervention comes in. Federally, the capital gains tax rate was raised from 50% inclusion to 66.67% in 1988, then to 75% in 1990. This sparked a huge selloff as owners looked to get out. In 1991, a provincial NDP government came to power, promising to strengthen tenant rights and impose rent control. The latter didn't become law until 1995, but by then the investment community had long been expecting it.

Transaction volumes didn't recover until 2001–02. Coincidentally or not, capital gains tax inclusion rates fell back to 50% in 2000, and a new business-friendly provincial government took power in 2001. As investors looked for safety following the dotcom bust, these factors brought some confidence back to the market.

Multifamily remained active until 2008, when the subprime mortgage crisis in the U.S. threw global markets into disarray. After averaging 157 transactions per year from 2014 through 2018, the Metro Vancouver market plunged to 77 deals in 2019 and 78 in 2020. Another significant policy shift took place in 2018, soon after the provincial NDP regained control of government. They introduced several new taxes to cool demand for residential real estate, hiked the foreign buyers' tax and lowered the maximum allowable rent increase from 4.5% to 2.5%, which affected 2019 sales volumes. Transactions in 2020 were stunted by three to six months amid challenges from the pandemic.

And so to today. In 2022, sales volumes fell significantly as the Bank of Canada raised rates aggressively to fight inflation. History doesn't necessarily indicate the future but looking back over the past 35 years suggests that when government intervenes, the only certainty is change.

1325 PENDRELL STREET, VANCOUVER

21-unit apartment building in the West End. $386k per unit.

List $8,100,000

975 WEST 10TH AVENUE, VANCOUVER

17-unit apartment building just 1 block to future Oak – VGH Subway Station. Broadway Plan.

List $6,780,000

1925 WOODLAND DRIVE, VANCOUVER

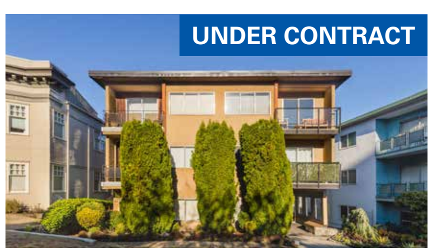
32 suites in Grandview-Woodland. 16,145 SF corner lot. 3.2% cap. 1 block to Commercial Dr.

List $17,500,000

3528 WEST 4TH AVENUE, VANCOUVER

6-unit apartment building in Kitsilano. 4,752 SF lot with flexible C-2 zoning.

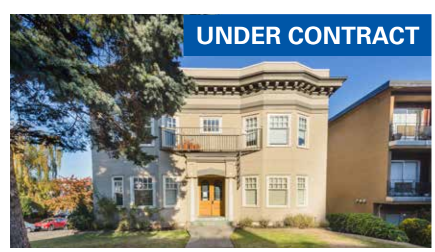
List $3,975,000



2291 W 1ST AVENUE, VANCOUVER

12-suite apartment building in Kitsilano. Ocean and mountain views.

List $6,100,000



2295 W 1ST AVENUE, VANCOUVER

12-suite apartment building in Kitsilano. Corner lot – 2 blocks to Kitsilano Beach.

List $5,988,000

FUNDRAISERS: CHILDREN'S HOSPITAL + ARTS UMBRELLA

Together, we raised $41,000 for mental health services at BC Children's Hospital

We at Goodman Commercial were proud to sponsor the sold-out Building for Kids event hosted by the Real Estate, Construction and Development Committee for BC Children's Hospital at Published on Main on September 22, 2022.

Full ticket proceeds and on-site donations went to the hospital's Centre for Mindfulness. A total of over $41,000 was raised that night!

Published on Main was recently named Canada's best restaurant and is also home to B.C.'s top sommelier for 2022. The evening was well attended by many industry professionals, and the food and drinks did not disappoint.

As representatives of the real estate industry, we sincerely thank all of the guests and our fellow sponsors!

The committee continues to seek donations for the Centre for Mindfulness. Any amount you wish to give would be greatly appreciated.

Donate here: https://donate.bcchf.ca/site/Donation2?1860.donation=form1&df_id=1860&mfc_pref=T

Goodman Commercial supports Arts Umbrella's Splash

Cynthia Jagger and Mark Goodman of Goodman Commercial were honoured to attend and sponsor the live auction at Arts Umbrella's Splash on October 22, 2022, at the Fairmont Hotel Vancouver.

Members of Canada's arts community gathered to celebrate the 40th anniversary of the annual auction, which raises vital funds in support of arts education. Proceeds give youth across Metro Vancouver access to programming in the visual and performing arts.

Featuring works by almost 100 artists and performances by Arts Umbrella Dance and Musical Theatre students, Splash 2022 raised a stellar $1.775 million. It was the most successful art auction in the event's history.

This wonderful evening, which featured entertainment and student performances, culminated in the spectacular live auction. We proudly played a small role in supporting a worthy cause. Thank you to everyone who attended Splash and to the sponsors who made it happen!

For children whose families may not be able to afford an arts education, Arts Umbrella offers ongoing opportunities to provide support such as bursaries and free outreach programs. Info: www.artsumbrella.com/splash/

THE STORY BEHIND THE STATS

For multifamily property in Metro Vancouver, 2022 was a year of highs and lows. Although sales were brisk early on, maintaining the frenzied pace of 2021, the market quickly shifted in response to the Bank of Canada's interest rate hikes. A total of 130 buildings traded across Metro Vancouver in 2022, a 19% decrease from the 161 sold in 2021. Total dollar volume likewise fell by 21% year-over-year, to $2.05 billion from $2.58 billion. While down from 2021, dollar volume ended the year as the fourth-highest on record, thanks to the first few months of activity.

Of the 130 sales in 2022, 94 (72%) closed in the first half, with only 36 (28%) closing in the second. By dollar volume, the first six months accounted for $1.4 billion, 68% of the annual total, compared to $652 million in the second half.

Lower transaction volume during the second half of 2022 hit the City of Vancouver much harder than suburban markets. In the first six months of the year, Vancouver (53) outpaced the suburbs (41). As interest rates rose and conditions changed, the suburbs recorded 22 sales in the second half, versus 14 in the City of Vancouver. Dollar volume similarly reversed, with the suburbs outpacing Vancouver with $460 million in sales compared to $191 million.

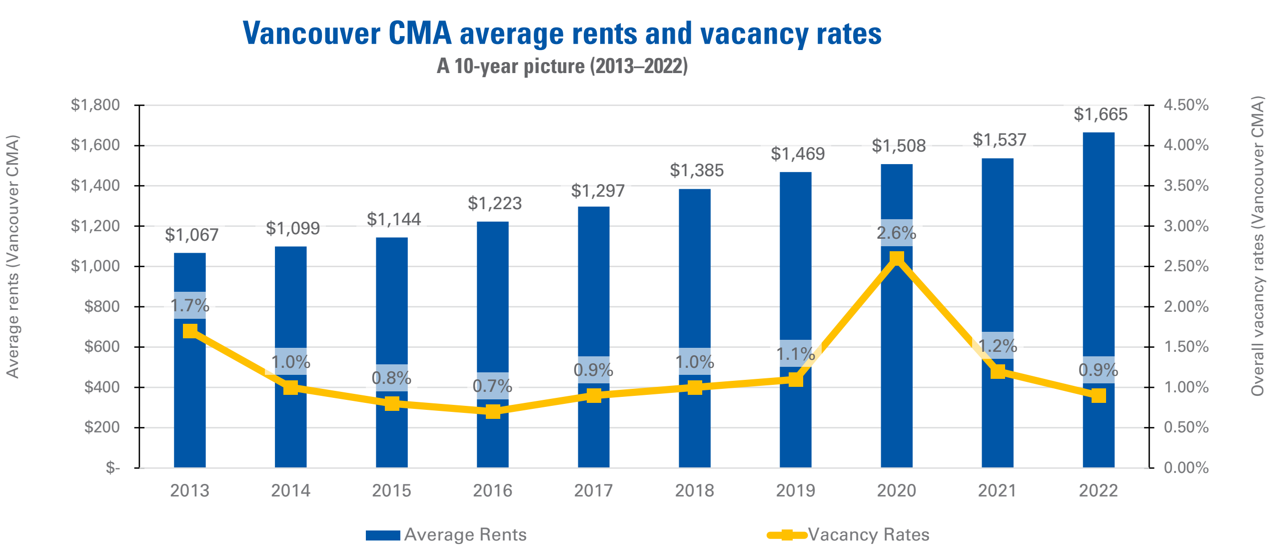
In the City of Vancouver, the number of buildings sold (67) and total dollar volume ($839 million) both dropped substantially (–35% and –49%, respectively) from 2021. Meanwhile, the suburbs saw more buildings sold (63, up 9%) and much bigger dollar volume ($1.21 billion, up 30%). That dollar volume was the second-highest suburban total ever, after $1.24 billion in 2018.

Among the suburbs, Surrey ($403 million), Burnaby ($338 million), and North Vancouver ($229 million) led the way, accounting for 47% of total dollar volume across the entire region. Eight transactions over $50 million occurred in these three cities, making up more than half (55%) of the total suburban deal volume for the year. Three of the eight building sales represented new construction, adding 602 critically needed suites to local inventory, while two were high-rises acquired by government/nonprofit entities.

By comparison, the City of Vancouver posted only two sales over $50 million, one of them new construction and the other a large future redevelopment site.

Strong demand early in the year for properties along the future Broadway Subway line made East Vancouver, including Mount Pleasant (18 sales), and South Granville/Fairview (16 sales) the two most active submarkets in Vancouver. The West End saw the largest decrease in activity, dropping from 26 sales in 2021 to 10 in 2022.

The buyer profile in Metro Vancouver remains skewed toward private investors. Despite recent headlines blaming them for eroding affordability in the region, institutional groups, including real estate investment trusts (REITs) and pension funds, were responsible for only 15 of last year's 130 transactions (12% of the market).



Source: CMHC

ACTIVITY HIGHLIGHTS: 2022 COMPARED TO 2021

Dollar volume ($)

City	2022 $ volume	2021 $ volume	% change
Vancouver areas			
Eastside	$200,871,000	$214,403,000	- 6%
Kerrisdale	131,880,000	62,250,000	+112%
Kitsilano	103,415,570	160,915,517	- 36%
Marpole	65,290,000	160,317,482	- 59%
South Granville	156,610,500	239,926,000	- 35%
UBC	0	0	N/A
West End	181,256,250	809,626,500	- 78%
Vancouver	**$839,323,320**	**$1,647,438,499**	**- 49%**
Suburban areas			
Burnaby	$338,040,995	$56,774,000	+495%
Coquitlam	63,456,250	56,901,360	+12%
Delta	4,600,000	28,690,000	- 84%
Langley	76,700,000	6,850,000	+1020%
Maple Ridge	5,400,000	36,750,000	- 85%
Mission	4,000,000	8,794,000	- 55%
New Westminster	36,885,920	56,365,920	- 35%
North Vancouver	229,389,000	306,620,250	- 25%
Port Coquitlam	3,150,000	21,070,000	- 85%
Port Moody	21,000,000	0	N/A
Pitt Meadows	0	0	N/A
Richmond	0	49,665,000	- 100%
Surrey	403,248,984	98,600,000	+309%
West Vancouver	0	179,282,000	N/A
White Rock	21,300,000	22,800,000	- 7%
Suburbs	**$1,207,171,149**	**$929,162,530**	**+30%**
Metro Vancouver			
Total	**$2,046,494,469**	**$2,576,601,029**	**- 21%**

Average price

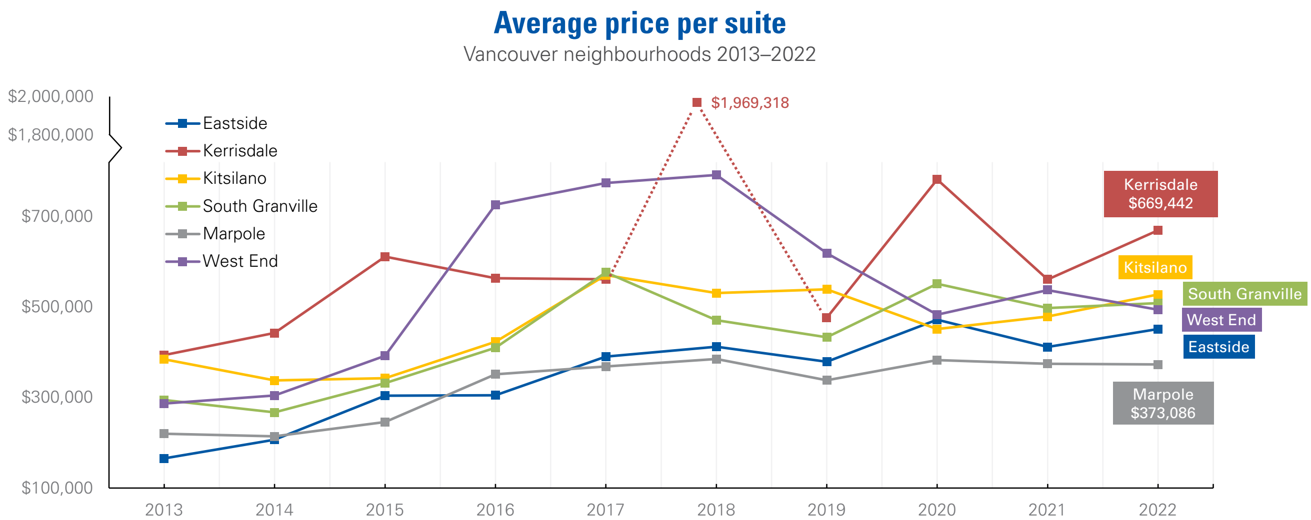
City	2022 $ per suite	2021 $ per suite	% change
Vancouver areas			
Eastside	$451,396	$411,522	+10%
Kerrisdale	669,442	560,811	+19%
Kitsilano	527,630	478,915	+10%
Marpole	373,086	374,574	- 0%
South Granville	508,476	497,772	+2%
UBC	0	0	N/A
West End	493,886	537,244	- 8%
Vancouver	**$497,229**	**$486,688**	**+2%**
Suburban areas			
Burnaby	$393,071	$320,757	+23%
Coquitlam	320,486	1,073,611	- 70%
Delta	287,500	249,478	N/A
Langley	403,684	456,667	- 12%
Maple Ridge	234,783	294,000	- 20%
Mission	285,714	149,051	N/A
New Westminster	250,925	320,261	- 22%
North Vancouver	611,704	577,439	+6%
Port Coquitlam	450,000	253,855	+77%
Port Moody	700,000	0	N/A
Pitt Meadows	0	0	N/A
Richmond	0	349,754	N/A
Surrey	491,767	632,051	- 22%
West Vancouver	0	814,918	N/A
White Rock	322,727	242,553	+33%
Suburbs	**$439,611**	**$477,473**	**- 8%**
Metro Vancouver			
Total	**$461,546**	**$483,324**	**- 5%**

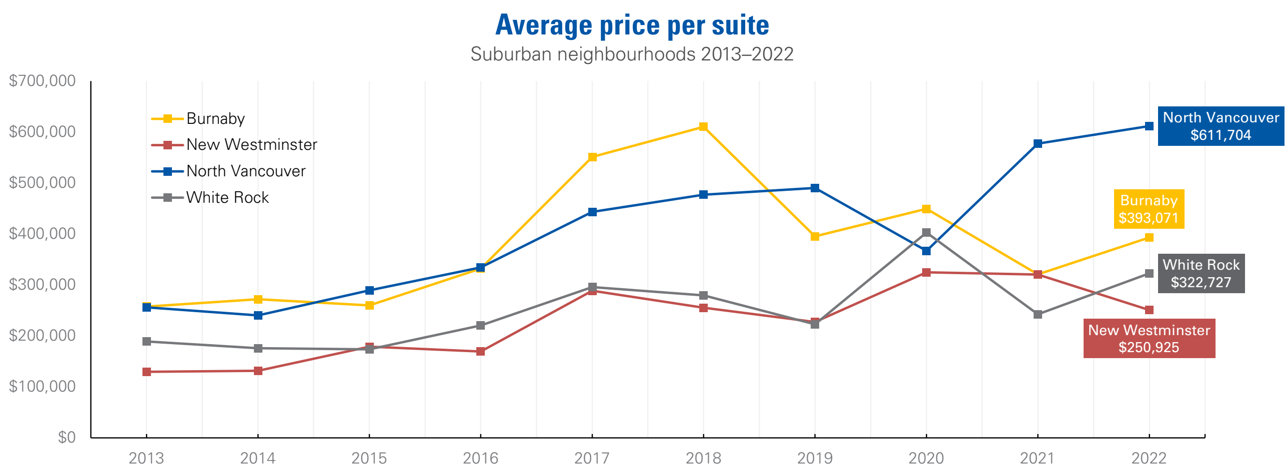
Building transactions

City	2022 buildings sold	2021 buildings sold	% change
Vancouver areas			
Eastside	18	21	- 14%
Kerrisdale	5	3	+67%
Kitsilano	9	14	- 36%
Marpole	9	18	- 50%
South Granville	16	21	- 24%
UBC	0	0	N/A
West End	10	26	- 62%
Vancouver	**67**	**103**	**- 35%**
Suburban areas			
Burnaby	20	8	+150%
Coquitlam	3	2	+50%
Delta	1	4	- 75%
Langley	7	2	+250%
Maple Ridge	2	4	- 50%
Mission	1	3	- 67%
New Westminster	6	7	- 14%
North Vancouver	10	16	- 38%
Port Coquitlam	1	2	- 50%
Port Moody	1	0	N/A
Pitt Meadows	0	0	N/A
Richmond	0	2	- 100%
Surrey	8	1	+700%
West Vancouver	0	4	- 100%
White Rock	3	3	0%
Suburbs	**63**	**58**	**+9%**
Metro Vancouver			
Total	**130**	**161**	**- 19%**

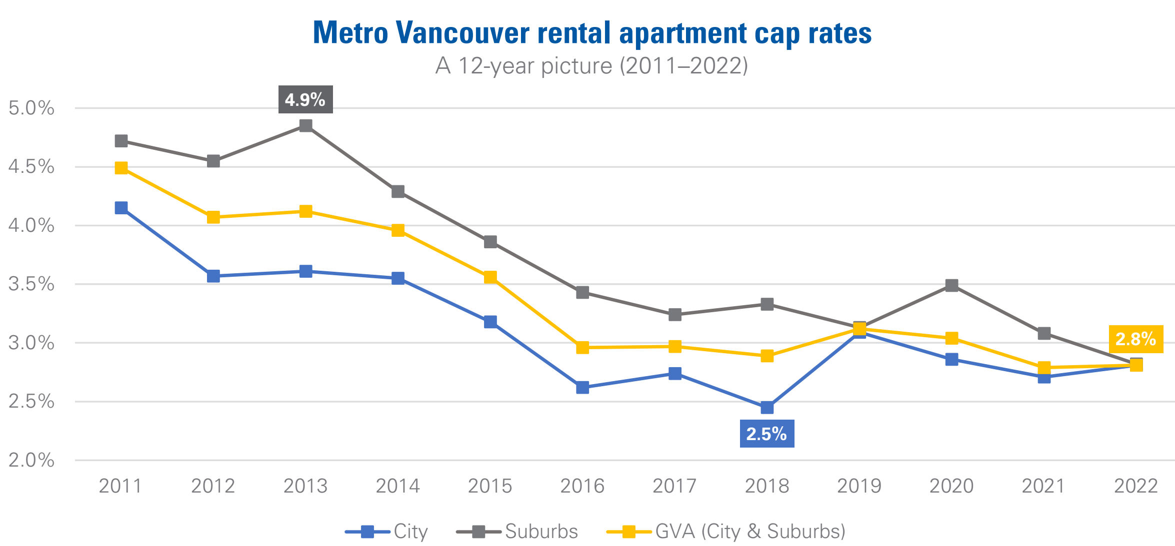
Number of suites sold

City	2022 suites sold	2021 suites sold	% change
Vancouver areas			
Eastside	445	521	- 15%
Kerrisdale	197	111	+77%
Kitsilano	196	336	- 42%
Marpole	175	428	- 59%
South Granville	308	482	- 36%
UBC	0	0	N/A
West End	367	1,507	- 76%
Vancouver	**1,688**	**3,385**	**- 50%**
Suburban areas			
Burnaby	860	177	+386%
Coquitlam	198	53	+274%
Delta	16	115	- 86%
Langley	190	15	+1167%
Maple Ridge	23	125	- 82%
Mission	14	59	- 76%
New Westminster	147	176	- 16%
North Vancouver	375	531	- 29%
Port Coquitlam	7	83	- 92%
Port Moody	30	0	N/A
Pitt Meadows	0	0	N/A
Richmond	0	142	- 100%
Surrey	820	156	+426%
West Vancouver	0	220	- 100%
White Rock	66	94	- 30%
Suburbs	**2,746**	**1,946**	**+41%**
Metro Vancouver			
Total	**4,434**	**5,331**	**- 17%**





Source: Goodman Report



Source: RealNet

2022 APARTMENT BUILDING SALES: CITY OF VANCOUVER

	ADDRESS	SUITES	PRICE ($)	AVG $/UNIT
	Vancouver (Eastside)			
**	2056 Franklin St	22	$6,825,000	$310,227
**	2228 Triumph	22	6,825,000	310,227
**	819-829 Prior St	12	3,175,000	264,583
*	2256 Brunswick St	19	7,666,000	403,474
**	376 N Garden Dr	19	6,450,000	339,474
	1675 E 14th Ave (MU)	15	5,200,000	346,667
	512 Woodland Dr	16	5,020,000	313,750
	1730 E Pender St	12	3,505,000	292,083
	2224 Alberta St (DS)	12	9,500,000	791,667
	660 Jackson Ave	24	8,500,000	354,167
	577 E 8th Ave (DS, SP)	39	20,595,000	528,077
	133 E 7th Ave	13	4,100,000	315,385
	609 Heatley Ave	31	12,600,000	406,452
	1676 Frances St	7	2,380,000	340,000
	7350 Fraser St & 706 E 57th Ave (SP)	95	51,000,000	536,842
	303 E Pender St (MU, SP)	59	36,000,000	610,169
	117 E 15th Ave (SP)	12	6,230,000	519,167
	670 E Broadway (DS, MU)	16	5,300,000	331,250
		445	**$200,871,000**	**$451,396**
	Vancouver (Kerrisdale)			
	2183 W 44th Ave	36	$16,500,000	$458,333
*	1996 W 41st Ave	11	5,800,000	527,273
	2121 W 44th Ave (MR)	60	29,500,000	491,667
	4683 Arbutus St (DS)	80	76,000,000	950,000
	5607 Yew St	10	4,080,000	408,000
		197	**$131,880,000**	**$669,442**
	Vancouver (Kitsilano)			
**	2525 York Ave	10	$3,775,000	$377,500
	2358 Cornwall Ave	8	7,100,000	887,500
	2465 W 1st Ave	12	6,300,000	525,000
	4335 W 10th (MU)	15	7,400,000	493,333
	2020 Vine St (MU) (DS)	9	7,290,570	810,063
	1932 W 1st Ave (SP)	46	21,500,000	467,391
	2556 W 4th Ave	10	4,200,000	420,000
*	2055 York Ave	74	35,250,000	476,351
	1981 W 10th Ave (DS, TH)	12	10,600,000	883,333
		196	**$103,415,570**	**$527,630**

	ADDRESS	SUITES	PRICE ($)	AVG $/UNIT
	Vancouver (South Granville)			
	3755 Cambie St	11	$4,200,000	$381,818
	3819 Cambie St	22	10,700,000	486,364
	1365 W 12th Ave	19	9,450,000	497,368
	3850 Cambie	14	6,775,500	483,964
*	324 W 10th Ave	35	16,230,000	463,714
	3627 Oak	11	5,250,000	477,273
	2525 Birch St	17	8,700,000	511,765
	990 W 12th Ave (DS, EST)	26	20,000,000	769,231
	4141 Oak St	12	5,425,000	452,083
	1015 W 13th Ave	11	5,700,000	518,182
	2930 Cambie St	19	9,180,000	483,158
	3003 Granville St (MU)	20	13,600,000	680,000
	1265 W 10th Ave	11	5,250,000	477,273
	1626 W 10th Ave	15	6,650,000	443,333
*	1432 W 10th Ave 2625 Hemlock St (*)	65	29,500,000	453,846
		308	**$156,610,500**	**$508,476**
	Vancouver (Marpole)			
*	8830 Montcalm St	24	$7,200,000	$300,000
	8616 Oak St (SP)	33	12,000,000	363,636
	8668 Montcalm St	10	3,790,000	379,000
	975 W 70th	22	7,750,000	352,273
	8686 Oak St	8	3,280,000	410,000
*	8733 Granville St	8	4,000,000	500,000
	8636 Oak St (DS) 8656 Oak St (DS)	8 35	18,500,000	430,233
	8636 Laurel St	27	8,770,000	324,815
		175	**$65,290,000**	**$373,086**
	Vancouver (West End)			
**	1131 Barclay St (SP, EST)	29	$14,355,000	$495,000
	1121 Harwood St (SP)	23	10,250,000	445,652
	1360 Hornby St (SP, MR)	67	33,000,000	492,537
	1918 Haro St	21	9,125,000	434,524
*	851 Bidwell St	24	11,450,000	477,083
	1265 Cardero	26	18,600,000	715,385
	1320 Bute St (HR)	93	46,499,375	499,993
	1765 Pendrell St (HR)	35	18,126,875	517,911
	1901 Barclay St	30	11,350,000	378,333
	935 Jervis St	19	8,500,000	447,368
		367	**$181,256,250**	**$493,886**

* Sold by The Goodman Team

** December 2021 sale

The sale information provided is a general guide only. There are numerous variables to be considered such as:

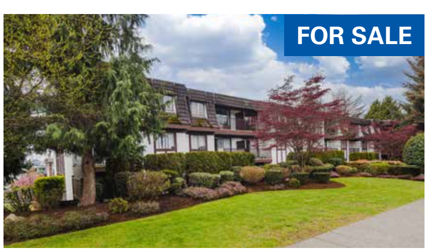
1. Suite mix
2. Rent/SF
3. Rent leaseable area
4. Buildings' age and condition
5. Location
6. Frame or highrise
7. Strata vs. non-strata
8. Land value development site)
9. Special financing

(HR) Highrise
(MR) Midrise
(TH) Townhouse
(ST) Strata
(DS) Development site
(EST) Estimated price
(SP) Share purchase
(NC) New construction
(MU) Mixed-use
(CO) Co-op
(TR) Trade
(RH) Rooming house
(IF) Infill

2022 APARTMENT BUILDING SALES: SUBURBS

ADDRESS	SUITES	PRICE ($)	AVG $/UNIT
Burnaby			
4058 Albert St	7	$2,200,000	$314,286
7165 Fulton Ave	48	13,750,000	286,458
4129 Albert St	26	8,800,000	338,462
* 6470 Silver Ave (DS)	41	22,606,249	551,372
* 6508 Silver Ave (DS, SP)	42	22,393,751	533,185
* 3809 Albert St	36	12,500,000	347,222
* 5353 Hastings St	10	3,350,000	335,000
* 3940 Pender St	41	11,500,000	280,488
3873 Pender St	9	3,500,000	388,889
4106 Albert St (DS)	16	8,150,000	509,375
6544 Silver Ave (DS)	41	21,000,000	512,195
6707 Dow Ave (DS)	19	14,600,000	768,421
4221 Mayberry St (HR, CO)	181	54,420,995	300,668
9380 Cardston Court (HR, CO)	244	85,525,000	350,512
6710 Sussex Ave (DS)	10	5,100,000	510,000
6911 Salisbury Ave	19	5,700,000	300,000
6535 Burlington Ave (DS)	8	5,300,000	662,500
6540 Telford Ave (DS)	44	28,000,000	636,364
6592 Telford Ave (DS)	9	7,000,000	777,778
6749 Arcola St	9	2,645,000	293,889
	860	**$338,040,995**	**$393,071**
Coquitlam			
1055 Howie Ave	54	14,750,000	273,148
555 Shaw Ave	111	39,406,250	355,011
801 Gatensbury St	33	9,300,000	281,818
	198	**$63,456,250**	**$320,486**
Delta			
* 4720 Garry St (SP)	**16**	**$4,600,000**	**$287,500**
Langley			
** 20785 Fraser Hwy (DS, MU)	38	$12,000,000	$315,789
5360 204 St (DS)	46	17,100,000	371,739
20672 Eastleigh Cres	28	6,200,000	221,429
5477 200 St (SP)	57	23,400,000	410,526
20659 Eastleigh Cres (TH)	7	6,000,000	857,143
20669 Eastleigh Cres (TH)	7	6,000,000	857,143
20679 Eastleigh Cres (TH)	7	6,000,000	857,143
	190	**$76,700,000**	**$403,684**
Maple Ridge			
11672 224 St	12	$2,650,000	$220,833
22535 Royal Cres	11	2,750,000	250,000
	23	**$5,400,000**	**$234,783**

ADDRESS	SUITES	PRICE ($)	AVG $/UNIT
Mission			
33072 1st Ave (MU)	**14**	**$4,000,000**	**$285,714**
New Westminster			
1001 Sixth Ave	14	$4,100,000	$292,857
723 Twelth St (MU)	20	5,600,000	280,000
511 Ash Street	70	16,358,800	233,697
1314 5th Ave	16	3,752,120	234,508
619 Colborne St	9	2,695,000	299,444
530 Eight Street	18	4,380,000	243,333
	147	**$36,885,920**	**$250,925**
North Vancouver			
** 121 E 12th St (ST, DS)	16	$8,200,000	$512,500
** 275 E 2nd St (DS)	24	11,750,000	489,583
140 W 19th	33	15,400,000	466,667
146 E 12th St	18	8,325,000	462,500
1621 St. Georges St	14	5,250,000	375,000
220 E 12th St	11	4,050,000	368,182
3701-3817 Princess Ave (TH, SP)	57	52,500,000	921,053
130 W Keith Rd (MR)	108	53,592,500	496,227
1550 Oxford St (NC)	88	66,200,000	752,273
205 St Patrick Ave (DS)	6	4,121,500	686,917
	375	**$229,389,000**	**$611,704**
Port Coquitlam			
3035 Coast Meridian Rd	**7**	**$3,150,000**	**$450,000**
Port Moody			
2006 Highview Pl (ST, DS)	**30**	**$21,000,000**	**$700,000**
Surrey			
10232-64 132 St (ST, TH, DS)	24	17,259,984	719,166
11018 126A St & 12685 110th Ave	233	81,669,351	350,512
13265 104 Ave (DS, SP)	57	20,800,000	364,912
17700 58 Ave	25	5,600,000	224,000
12975 106 Ave	30	6,000,000	200,000
7029 134th St	14	4,388,000	313,429
13301 104th St (DS)	156	170,000,000	1,089,744
11088 126A St & 12685 110th Ave	281	97,531,649	347,088
	820	**$403,248,984**	**$491,767**
White Rock			
1340 Fir St	10	$3,100,000	$310,000
1485 Fir St (DS)	25	9,650,000	386,000
* 1558 Fir St (SP)	31	8,550,000	275,806
	66	**$21,300,000**	**$322,727**



309 WEST 3RD ST, NORTH VANCOUVER

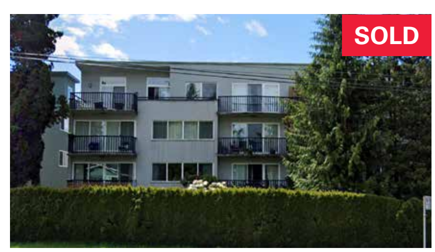
Apartment building with city & water views. 41 suites in Lower Lonsdale. 24,000 SF corner lot.

List $23,500,000

1275 PACIFIC STREET, VANCOUVER

22-storey concrete high-rise.
119 suites in the West End.

List $19,000,000 (33.33% fractional interest)



1990 WEST 41ST AVENUE, VANCOUVER

20-suite concrete apartment building.
Located in the heart of Kerrisdale.

List $9,800,000

OP-ED: B.C. KEEPS FAILING RENTERS. STOP BLAMING INSTITUTIONAL INVESTORS

When it comes to housing, we've done one thing well in B.C.—figure out who to blame for our failures. We've pointed the finger at speculators, landlords, developers, even everyday homeowners. If we showed half this determination in removing the barriers to sufficient supply, our housing shortage would be long forgotten. Instead, we are so good at scapegoating that we've run out of culprits. So we recycle them.

This time, it's institutional investors (again). In his January 12[1] announcement of a $500-million Rental Protection Fund, Premier David Eby singled out "speculators and large corporations, such as real estate investment trusts" as the bogeyman. That kind of talk is politically expedient because speculators and large corporations don't vote. But it's also highly misguided.

By Andrey Pavlov, Ph.D., *Goodman Report*

Why REITs are not the problem

For starters, real estate investment trusts (REITs), especially those listed on public stock exchanges, offer small investors and pension funds an inexpensive and convenient way to invest in property. By doing so, REITs can provide low-cost, long-term capital to invest in the rental housing continuum. When REITs became popular in the early 1990s, both academics and practitioners praised their ability to democratize real estate investment and improve housing affordability. Today, 42 countries have REITs[2], with $80 billion in market capitalization in Canada alone. Despite their prevalence worldwide, REITs have apparently unleashed their wrath only here in B.C. We've been so uniquely unlucky that we need a knight in $500 million worth of shining armour, to be "financed prior to March 31, 2023."

Never mind that institutional investors are relatively small players in the local rental market. Last year in Metro Vancouver, they accounted for just 12% of apartment building sales. And of the thirty-six sales that the Goodman Report has tracked for the second half of 2022 so far, only three were to an institutional buyer.

To save existing rental buildings from REITs' vicious claws, the Rental Protection Fund would allow for the purchase of those properties and prevent their redevelopment. Let that sink in for a moment—amid a severe housing shortage, the B.C. government is spending $500 million of taxpayer money not to build additional housing, but to stop people who want to build it.

No matter how counterproductive, such thinking isn't new. Red tape and intrusive regulation restrict housing supply, which hikes prices and rents, creating a false bogeyman—which generates more red tape and regulation, further restricting supply, and so on. Rather than switch gears, our leaders double down on failed policies, to the detriment of renters, homeowners, and investors alike, but to the benefit of bureaucrats and politicians.

A bad deal for renters too

By obstructing redevelopment, the Rental Protection Fund will hurt new renters and worsen housing affordability for newcomers. But it will also hurt even the current occupants of the acquired buildings, the very people the policy is supposed to help.

First, provincial and municipal renter protection and relocation programs, while in themselves misguided, already accomplish what the Fund aims to do. Second, the presumed renter protection only works if someone can stay in the same unit. Move because of a new job or an expanding family, and all the protection is out the window. Above all, there wouldn't be any need to protect renters, either through the new Fund or existing rules, if we had adequate housing supply to begin with.

But don't take my word for it. For proof that our current housing policies are a total failure, just look at the Rental Protection Fund announcement. Citing a BC Housing report, the announcement claims that 14,546 rental units were "registered" in 2022. Sure, but registration with BC Housing is mandatory for all housing projects before building permits are issued and certainly before construction starts.

So don't hold your breath: given our years-long permitting and regulated-to-death construction process, these units are years away from completion, if at all. Provincewide, the most recent BC Housing Annual Service Plan Report[3] projects a mere 3,000 units of public housing completions annually for 2022/2023 and 2023/2024. The expected private rental supply is at similar levels—about 1,500 units a year in Metro Vancouver, according to Zonda Urban data[4]. Either way, we're nowhere near 14,000-plus rental unit completions anytime soon.

More to the point, counting future private rental supply in the announcement of a program designed to prevent private supply is peak irony. The Fund's stated goal is to halt redevelopment of existing properties. Also, in its original proposal for the fund[5], the B.C. Non-Profit Housing Association (BCNPHA) wanted "to enable non-profits to buy apartment buildings...before institutional investors can acquire them," essentially asking for a right of first refusal on any potential transaction. If that happens too, there's no chance we'd see even the meagre projected 1,500 rental units in Metro Vancouver. No investor would incur the due diligence and cost, only to hand over the project to a civil servant spending taxpayer money.

And of course, landlords—not institutional investors, who play a part in our rental market —would be the real victims here. Telling landlords how and to whom they can sell would make the already daunting task of owning and maintaining a rental building that much more difficult.

The bottom line: the Rental Protection Fund is really a Rental Destruction Fund. We've been trying hard to micromanage and regulate every conceivable aspect of our housing market. The outcome? The number of purpose-built rental units in B.C. hasn't changed much since the early 1990s[6], while the population has grown by 50%. Failed policies have led to more failing policies. So we need to reverse course by making it easy, cheap, and quick to build and maintain housing in this province. Permitting and construction regulation must be vastly simplified and limited to health, safety, and impact on neighbours. Arbitrary land restrictions, such as the Agricultural Land Reserve, have to go. And we must densify where it's most needed and least disruptive, while fully addressing neighbours' concerns. If we do all this, competition for renters would protect them, far better than a $500-million government-run fund ever could.

Andrey Pavlov, PH.D., is Professor of Finance, Beedie School of Business, Simon Fraser University.

[1] https://news.gov.bc.ca/releases/2023PREM0002-000023
[2] https://realpac.ca/reits-in-canada/
[3] https://www.bchousing.org/sites/default/files/media/documents/Annual-Service-Plan-Report-2021-2022.pdf
[4] https://zondaurban.com/
[5] https://vancouversun.com/news/local-news/rental-housing-investment-feature
[6] https://news.gov.bc.ca/releases/2023PREM0002-000023

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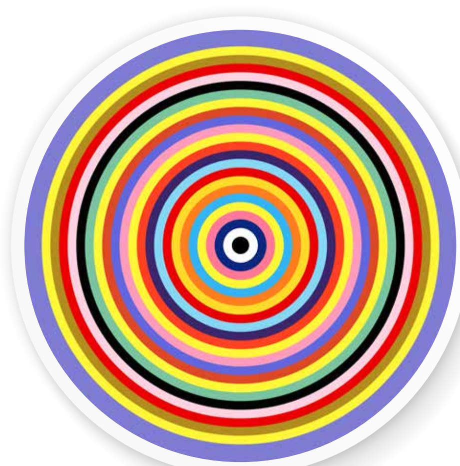

Douglas Coupland, *Thinking of the 1960s*, 2021,
24″ × 24″, Transmount, LED light panel, wooden frame,
Goodman + Jagger Collection, Vancouver.