The Newsletter for Apartment Owners since 1983

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Goodman report:

2024 Mid-Year Metro Vancouver Rental Apartment Review

Douglas Coupland, *Harris Holofoil Mountain Sketch*, 2022, 27″× 36″, Offset PrizmaFoil print, Goodman Collection, Vancouver

THE GOODMAN REPORT

Halfway through 2024, the shift in market sentiment is palpable. While the pace at times felt lethargic, the numbers don't lie: transactions and dollar volumes are up significantly from the first six months of 2023. That might be seen as a blip, but strong sales through the summer suggest we're in the early stages of a stable market recovery.

The fundamentals for a recovery are certainly there. Since the start of August, Canada 5-year bond yields have been near 3.0%, the lowest in over a year. Many forecasters believe the bond market is nearing its bottom and that recent cuts to long-term fixed interest rates have already fully priced in upcoming Bank of Canada rate cuts.

Inflation finally seems to be under control, even as rents continue to climb. While governments at all levels seem to have accepted that the mismatch between population growth and new home construction is fueling rising rents, any interventions will take years, at best, before renters see relief.

As you will see in our always enlightening 'Story Behind the Stats:'

- Sales volume was up 69% from the first six months of 2023, to $890.3 million.
- The number of transactions rose 59%, to 59.
- 36% of the total sales volume ($324.1 million) closed in June as sellers rushed to beat the June 25 capital gains tax increase.
- Non-profit buyers dominated the suburbs, responsible for 50% of all transactions, with a total price tag of $230.3 million. The too-often-maligned "institutional investors" acquired only 3 buildings across the entire region.

Ian Brackett and Mark Goodman, brokers at Goodman Commercial and authors of the Goodman Report

In this same six-month period, the Goodman Commercial team of Mark Goodman and Ian Brackett sold 11 properties valued at over $147 million, surpassing our total 2023 sales. For anyone who missed out, there is plenty more available; we have 24 properties listed for sale, totalling over $325 million, and more coming in the fall!

As the leading broker in Metro Vancouver's multi-family and development land market, Goodman Commercial has a front row seat to more transactions than anyone in the business, and we take pride in our best-in-class research and analysis, giving clients and readers accurate and evidence-based insights into market trends. We are doing the work to understand the market and to help others interpret everything from government policy to market vibrations – and to act upon both in the most opportune way.

In the first six months of this year, our research, sales announcements, and op-eds were picked up by media outlets including *The Vancouver Sun, Business in Vancouver, Western Investor, Daily Hive, Real Estate News Exchange, Storeys, New Westminster Record, Burnaby Now, The Orca, Calgary Herald, Green Street News, Connect CRE, Bloomberg, CKNW and The Globe* and *Mail*. It's an honour to assist investors, owners, and the public with real-time market intel and commentary, just as it's an honour to provide unparalleled service to our clients.

In sum, we see the current market as stable and favourable. It's not a market for triflers. It's not so hot that sellers can call the shots or so cold that buyers can demand dramatic price reductions. It's the kind of market in which, with excellent advice, the right seller and the right buyer might find a highly advantageous point of agreement – a good deal at a great price. All you need is a representative who knows this niche better than anyone around.

We hope you enjoy the articles and data in this report. As always, please reach out if you would like a more-targeted analysis, or just to discuss your commercial real estate needs.

All the best,

Mark Goodman and Ian Brackett

BROADWAY PLAN DEV SITE

2820 Heather Street, Vancouver
12,500 SF RM-4 zoned corner lot.
Build up to 6.5 FSR – $150/SF buildable.
List $12,200,000

YORKSHIRE APARTMENTS

2336 York Avenue, Vancouver
35 suites just steps from Kitsilano Beach.
Attractive CMHC financing available.
List $19,800,000

BEACONSFIELD

884 Bute Street, Vancouver
38-suite 5-storey heritage rental apartment building in the West End. Massive units.
List 23,000,000

357 W 4TH STREET

North Vancouver
Well-maintained 12-suite apartment building in Lower Lonsdale. 3.8% cap rate.
List $6,400,000

RIM ROCK MANOR

8630 Osler Street, Vancouver
21 suites in Marpole just off Oak street.
Well maintained – major capital upgrades.
List $6,900,000

COURT ORDERED WOOD-FRAME SITE

7010 204 St & 20443 70 Ave, Langley
2.26-acre corner lot in Central Gordon neighbourhood of Willoughby. 2.42 FSR.
List $16,000,000

CHANGE IS COMING – LAND USE POLICY UPDATES

All three levels of government have recently added to the flurry of housing related policy announcements; regrettably, the promise of those policies remains decidedly mixed.

The federal Liberals led off, on April 16, with a budget that left many of our clients feeling underwhelmed or worse. The big headline was an increase to the capital gains tax inclusion rate, from 50% to ~67%. By our math, the change takes an additional 9.8% of gains from the sale of an investment property. This is counterproductive when all levels of government are otherwise urging the private sector to speed the delivery of purpose-built rental properties (i.e. investment properties) to address a severe national shortage. The increased capital gains tax reduces the incentive for investment in new projects and it encourages owners to hold onto land with a low cost base, rather than selling for redevelopment. Lose lose.

Another fail was the $1.5-billion Canada Rental Protection Fund, touted to "preserve and grow our affordable housing supply."[1] As with the BC Rental Protection Fund, moving existing apartment buildings from private to non-profit ownership does nothing for supply – and it inflates rent costs by taking market units out of the rental universe and forcing the average renter to compete for fewer available apartments. It also locks up properties[2] that would otherwise be ripe for the kind of redevelopment that actually increases the rental housing supply. Perversely – and perhaps on the bright side – the Fund will remain functionally unfunded, limiting its impact. The belatedly released fine print[3] showed that the new program will have only $5 million in the first year and $120 million per year thereafter. For a national program, it's hard to see how this will have any impact, whatsoever.

Longer term, some of the budget initiatives may be more helpful in addressing the housing shortage: an accelerated capital cost allowance for new purpose-built rental buildings; expansion of CMHC's Apartment Construction Loan Program (formerly RCFi); and a new Canada Builds program aimed at delivering affordable purpose-built rentals on government, non-profit and community owned lands. Even here, however, the timelines seem badly out of sync with the hardships residents are feeling *today*.

1. https://www.pm.gc.ca/en/news/news-releases/2024/04/04/protecting-and-expandingaffordablehousing
2. https://vancouversun.com/opinion/op-ed/ian-brackett-and-mark-goodman-why-has-b-c-frozen-a-low-density-transit-adjacent-neighbourhood
3. https://storeys.com/canada-rental-protection-fund-budget-2024/
4. https://goodmanreport.com/app/uploads/2024/05/POLICY-REPORT-March-26-2024-.pdf

Higher fees, but no more public hearings (eventually)

Based on a April 23rd report to council[4] from City of Vancouver staff, developers should brace for increases to Development Cost Levies (DCLs). Given that Bill 46 expands the eligible DCL categories, the City of Vancouver signalled they are in discussions with the Province to remove or increase the current DCL cap of 10% of the value of a project. A new Amenity Cost Charge (ACC) policy framework is also expected by 2026, with Community Amentiy Contributions (CACs) to continue to apply in the interim. Language in the presentation suggests CACs could remain even after the new ACC is introduced to pay for any infrastructure not funded by DCLs and/or ACCs. Rather than streamlining the process and ensuring new supply is viable, the new development financing legislation appears to be adding more layers and expanding their reach, so that new developments will be expected to fund an even larger share of city services.

On the goal of speeding up the delivery of new housing, Bill 44 prohibits public hearings on rezonings that align with a municipality's Official Community Plan (OCP). But the restriction does not apply in Vancouver. Unlike other municipalities, Vancouver has no city-wide land-use plan (called an Official Development Plan or ODP in Vancouver). In fact, most of the recent community plans are not considered ODPs, either, and therefore will continue to require public hearings for each new rezoning proposal.

On April 8, the Province introduced Bill 18 to rectify this omission, proposing changes to the Vancouver Charter that require the creation of a city-wide ODP and the elimination of public hearings for ODP-compliant rezonings. But this is Vancouver: a city-wide ODP is not expected to be completed until mid-2026. Until then, each and every rezoning in the Broadway Plan, Cambie Corridor Plan, and new TOAs will continue to be subjected to a full and lengthy public hearing process.

Mark Goodman welcomed back to the main stage at the Canadian Apartment Investment Conference in Toronto

Mark Goodman, principal at Goodman Commercial Inc., is honoured to have been invited again to speak at the annual Canadian Apartment Investment Conference, in a main stage event: ***2024 investment insights: Who's buying in Canada's multi-residential market***.

The Canadian Apartment Investment Conference, at the Metro Toronto Convention Centre on Wednesday, September 11, is the premier annual conference on multi-family real estate investment in Canada. It's the place where industry leaders at every level – more than 1,100 last year – gather to catch up on the latest trends and intelligence in the national multi-family investment market.

As such, it's gratifying that conference organizers once again recognized Goodman Commercial's west coast market leadership and have tapped Mark for his insights on the Metro Vancouver rental apartment scene. The panel will address key factors driving investor confidence; financing sources and challenges; who are the leading buyers and sellers; what valuations will look like; and where cap rates are heading over the next 12 months. Mark will also provide an overview of notable transactions across Metro Vancouver, while his colleagues will speak to other markets across Canada.

For more information and to register for this event, please visit: https://informaconnect.com/canadian-apartment-investment-conference/

For a personal Vancouver market analysis tailored to your own property or investment needs, call us at Goodman Commercial.

A COUNTERPRODUCTIVE INVESTMENT LEAVES TAXPAYERS HOLDING THE BAG

$71 million from the new Rental Protection Fund will purchase two housing co-operatives in Coquitlam City Centre — where city council had already taken action to protect tenants

Goodman Report, reprinted from the *Vancouver Sun*

How are we to understand the actions of a provincial government that passes legislation to impose minimum densities in 104 Transit Oriented Development Areas across the province, and then uses the first large payment of its own Rental Protection Fund, not to increase the housing supply, but to freeze a low-density neighbourhood in one of the fastest growing of those transit-adjacent areas?

Premier David Eby's NDP administration has pronounced two laudable goals. First, with its Bill 47, the province set minimum densities and heights around important transit nodes, saying in effect that B.C.'s need for housing – and to support expensive transit investments – trumps the desire to protect traditionally low-density neighbourhoods.

Second, in 2023, the government created a $500-million taxpayer-financed Rental Protection Fund, and we at Goodman Commercial welcomed the idea of helping non-profit players take a bigger role in supporting vulnerable community members. Having worked with many non-profits over the years, we've seen and admired the positive impact non-profits can have helping to address the housing affordability crisis.

But it was an unwelcome surprise when the government announced in early February that the first large expenditure

from its new rental fund – $71 million – would go toward purchasing a pair of housing co-operatives comprising 290 suites in Coquitlam's City Centre neighbourhood (https://news.gov.bc.ca/releases/2024HOUS0004-000149). Those two properties, at 2860 and 2865 Packard Avenue, sit on a low-rise, low-density 6.5-acre site in the heart of a designated high-density, transit-oriented community. They are directly across from Coquitlam Centre mall, one of the largest shopping centres in the region, and roughly 500 metres from Coquitlam Central SkyTrain and West Coast Express stations. This is exactly the kind of property the province targeted in Bill 47 – one that is ripe with potential and wasteful to overlook.

Coquitlam city council had already recognized the area's potential. It had even taken action to protect the more-affordable rental accommodations within the two co-ops. The 2020 Coquitlam City Centre Area Plan identified this property as a "Special Policy Area," and granted additional height and density, to a maximum of 3.4 Floor Area Ratio (FAR), to ensure these 290 non-market units could be replaced within any new development. That was appropriate. This is a high-demand neighbourhood, already attracting proposals for up to 60-storey towers. The Coquitlam Centre mall is up for redevelopment and TransLink is exploring development options for a nine-acre parking lot that it owns one block south of the Packard Avenue co-ops. The potential here is huge.

Yet, by our math, the Packard Avenue co-ops are built out to a density of roughly 1.0 FAR, barely more than a single-family suburb. This leaves approximately 680,000 square feet (2.4 FAR × 6.5 acres) that could be added in new development. Assuming an average unit size of 750 SF net, a developer could replace the existing 290 suites with the same unit mix and floor area, and then add roughly 770 new homes on this transit-oriented site.

Packard Avenue co-ops	Current improvement	Redevelopment opportunity	*Difference*
Density (FAR)	1.0 FAR	3.4 FAR (max)	*2.4 FAR*
Floor area (SF)	283,140 SF	962,876 SF	*679,736 SF*
Number of units	290 aging units	1,060 new units	*770 units*

With 6.5 acres of land, and a nine-acre, publicly owned parking lot nearby, some creative thinkers could surely devise a plan to redevelop the property in phases, ensuring minimal disruption for current tenants. Rather than 'saving' 290 aging units, we could be delivering 1,060 new homes with modern amenities built to current environmental and building code standards. Instead, at a time when the NDP is tripping over itself to find ways to increase housing supply, it has used a large amount of taxpayer money to block redevelopment, while again repeating a tiresome and needlessly divisive attack on "profit-seeking speculators."

It will be interesting, now that the property is under non-profit ownership, to see if the Province and Federal government are committed to the goal of housing a rapidly expanding population or will this be another lost opportunity to do some real good for the community.

DEBUNKING THE UNAFFORDABILITY MYTH: FIRST 30 PROJECTS WILL DOUBLE AFFORDABLE HOUSING IN BROADWAY CORRIDOR

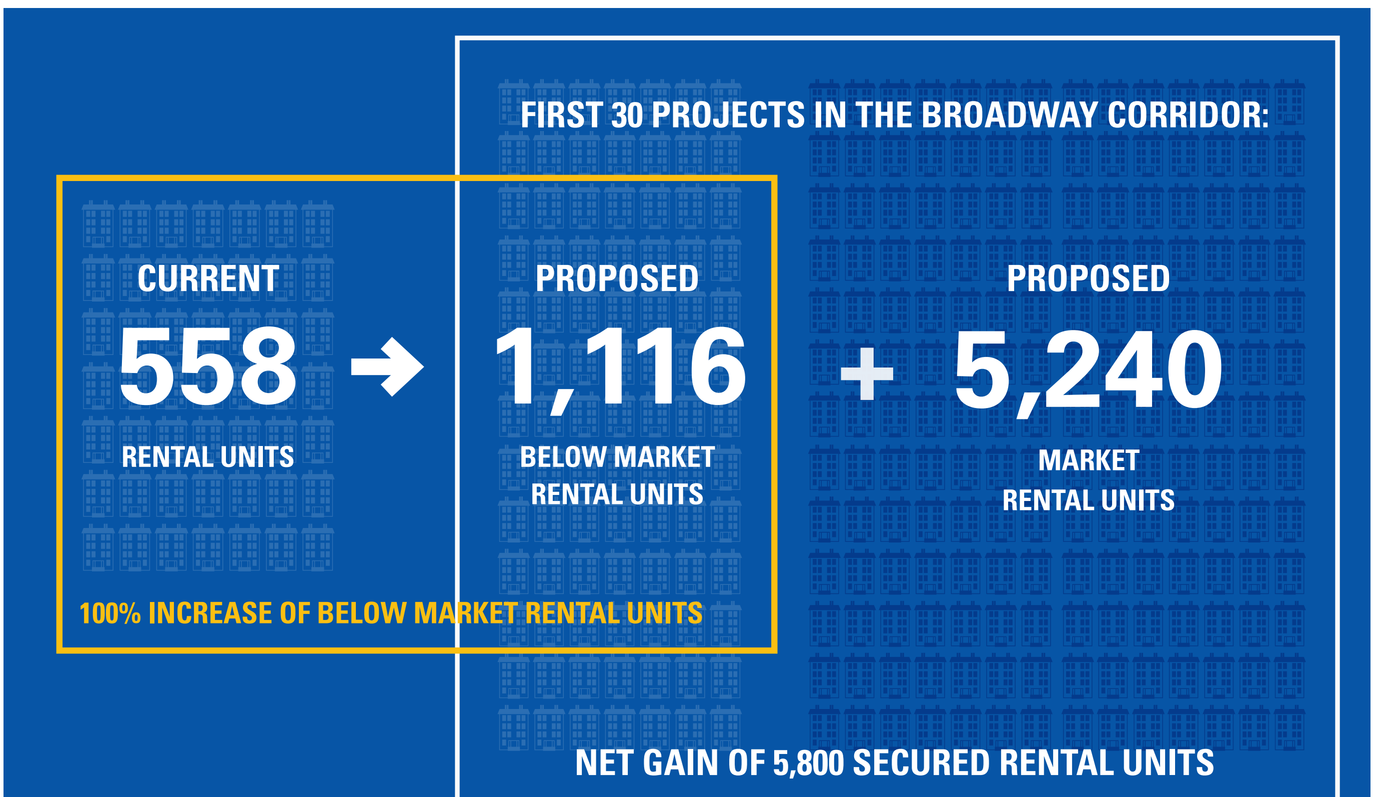
Goodman Report, reprinted from the *Daily Hive*

It's time to put an end to the increasingly common – but completely inaccurate – suggestion that the City of Vancouver's new, denser zoning regulations will chase lower income renters out of the Broadway corridor. We at Goodman Commercial reviewed the first 30 residential and mixed-use applications submitted under the City's Broadway Plan and the statistics comprehensively debunk the propaganda that affordability will be worsened by new development in established apartment neighbourhoods.

First, the proposed projects would deliver a massive increase in the total number of rental suites, providing a net gain of nearly 5,800 secured rental units. (Only one of the 30 rezoning proposals is for market-based condos.) And while half of the projects involve sites that currently have one or more rental buildings, the City's inclusionary zoning policies are such that the 558 units will be replaced by twice as many units (1,116) that will be held at below market rents in perpetuity.

Contrary to recent fear-mongering, the tenant protections give displaced tenants an absolute right to move into new buildings at the ***lower*** of their current rent or 20 per cent below Canada Mortgage and Housing Corporation (CMHC) averages for the proposed unit type, which translates to roughly 50 per cent below actual market rents in new buildings. Relocated tenants are also protected from rent increases during construction, as developers are on the hook to find tenants interim accommodations and to cover any difference from their current rent.

To establish an accurate baseline for the distribution of rents in the neighbourhood, we examined rental rates from 453 units in 22 rental buildings across various parts of the Broadway Plan area and found that 64 per cent of tenants are currently paying more than the maximum rents mandated for new below-market units. Thus, among the renters who may be displaced by new construction, none will be worse off than before their building is redeveloped: 36 per cent will continue paying the same rate, while 64 per cent will see their rents *go down* when they move into the new building.



Source: Goodman Report

64% of existing tenants in the Broadway Corridor are currently paying more than the maximum rent for new below-market units.

	Currently available avg rent (City of Vancouver)		Maximum rent (new below-market rental)
1-bedroom	$1,967	→	$1,429
2-bedroom	$3,007	→	$1,969

Source: Goodman Report

And remember – there is no income test for tenants exercising this right of first refusal. Rather than below-market units being reserved for those in-need of support, a tenant currently paying $2,400 for a one-bedroom suite in a dated building will be moved into a brand new one-bedroom for $1,429 a month, regardless of their income.

It's worth considering, too, that tenant protections only benefit those lucky enough to have already found an apartment. Everyone else is forced to compete in a critically constrained market. According to CMHC's latest Rental Market Report, the average rent for a one-bedroom apartment in Vancouver that was vacant and available in October 2023 was $1,967 per month; two-bedrooms averaged $3,007 per month. Compare that to the City's maximum rent for new, below-market units at $1,429 per month for a one bedroom and $1,969 per month for a two-bedroom. If these new Broadway projects go ahead, anyone moving into the area or relocating from their existing unit would find twice as many affordable units, guaranteed at 25 per cent to 35 per cent below the current going rate.

What's more, there will also be 5,240 additional market-rate units, and while these may command a premium over the suites in 50- to 60-year-old buildings, they will massively increase choice and reduce pressure in a tight rental market. That's 5,240 households no longer having to compete for the few units turning over each month in the existing rental stock. While these may not be deemed "affordable" by many measures, they are in high demand and thus clearly affordable to many.

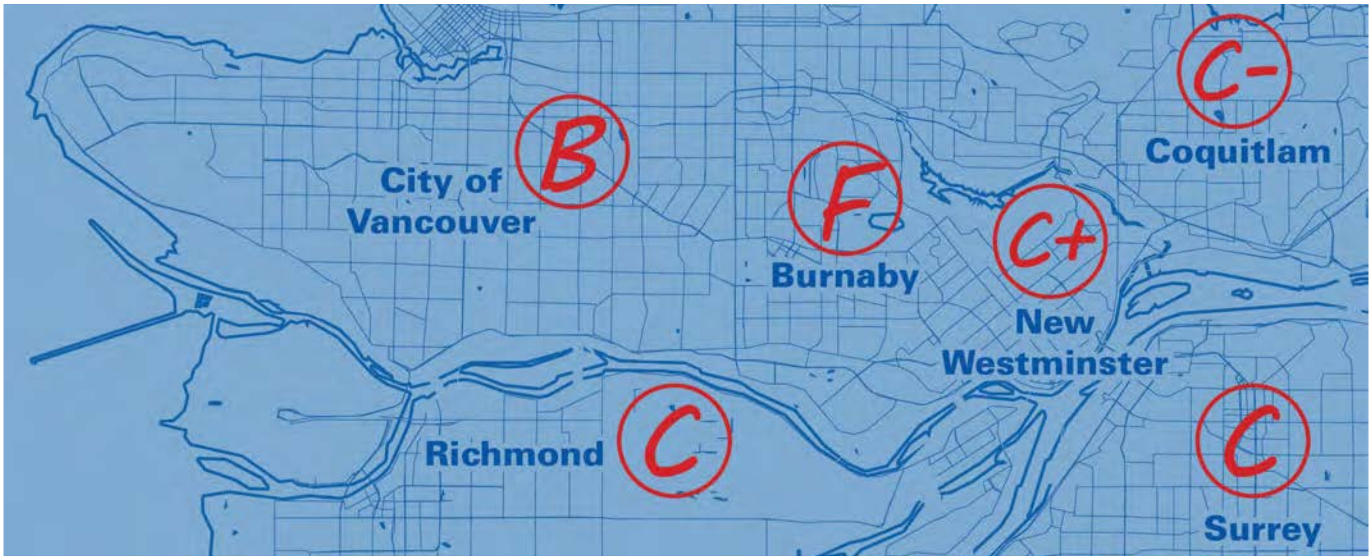
A final consideration is that half of the first 30 proposals are on sites with no tenant displacement, including lower-density commercial properties, surface parking lots, duplexes, and single-family homes. At today's prices, with a 20 per cent down payment, the mortgage cost for a duplex in this area would be over $10,000 per month. On a single-family home, it would be over $15,000 per month. If affordability is the goal, replacing six $10,000-per-month duplexes with 150 rental units is a no brainer, even if they're going for $3,000 per month market rent.

There is, in this positive story, a serious caveat: all this affordability comes at a cost. In today's tough environment where even market projects are struggling to get off the ground, it's not clear how many developers will be able to move forward with these projects without additional support. Still, contrary to dire warnings that new development will erode affordability throughout the Broadway corridor, the numbers show an across-the-board benefit for renters: more apartments available at all price points; twice as many affordable units available at lower rents; and strong protections for existing renters, more than half of who will see their rents reduced if they are moved.

Bank of Canada interest rate changes:

Date	Target (%)	Change (%)
September 6, 2024	4.25%	- 0.25
July 12, 2024	4.50%	- 0.25
June 5, 2024	4.75%	- 0.25
April 10, 2024 March 6, 2024 January 24, 2024 December 6, 2023 October 25, 2023 September 6, 2023	5.00%	pause
July 12, 2023	5.00%	+ 0.25
June 7, 2023	4.75%	+ 0.25
April 12, 2023 March 8, 2023	4.50%	pause
January 25, 2023	4.50%	+ 0.25
December 7, 2022	4.25%	+ 0.5
October 26, 2022	3.75%	+ 0.5
September 7, 2022	3.25%	+ 0.75
July 13, 2022	2.50%	+ 1.0
June 1, 2022	1.50%	+ 0.5

TOA IMPLEMENTATION REPORT CARD: FIREWORKS, RESISTANCE AND A CHAOTIC REGULATORY PATCHWORK



How six major Metro Vancouver municipalities have performed in implementing provincial Transit-Oriented Development Area (TOA) legislation

In passing its Transit-Oriented Development Area (TOA) legislation late last year, the provincial NDP government set up an inevitable tug-of-war with BC municipalities, some of which immediately decried the perceived provincial overstep into their jurisdiction.

Now that the June 30, 2024 deadline for municipalities to designate properties within the 104 TOAs across BC has passed, we are beginning to see the resistance emerge, sometimes with fireworks: Burnaby, for example, has refused to participate at all, while Coquitlam has designated properties, but is discouraging applications until some undefined future date when they might enact the policies required to support the new density.

The result is a chaotic regulatory patchwork in the Metro Vancouver region. In most jurisdictions, details that can make or break an investment have yet to be solidified, and timelines to get the complete picture are murky at best. Rumours and speculation are thriving in an environment where policy guidelines are half-baked, and nobody can be certain what will happen next week, let alone next year.

Understanding how the various policy layers affect a property has never been more important. The results of our survey of six major Metro Vancouver municipalities are summarized in the following table and later expanded upon.

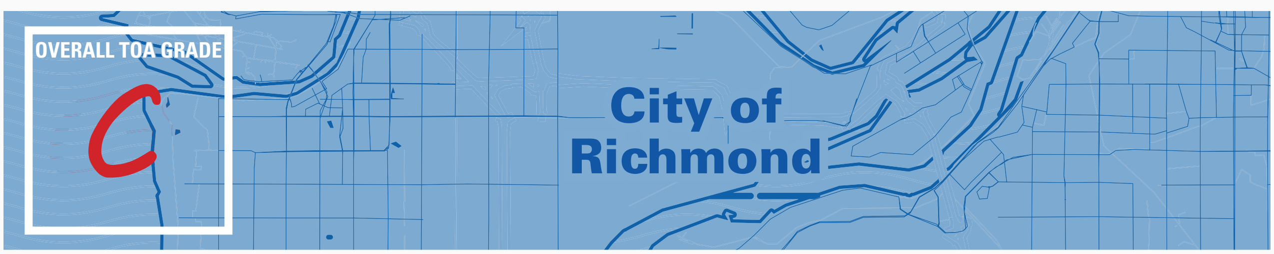
City	Summary
City of Vancouver	**Overall Grade:** B **Number of TOAs:** 29 **Progress:** Designating bylaw and corresponding rezoning policy adopted.
City of Burnaby	**Overall Grade:** F **Number of TOAs:** 14 **Progress:** None; consideration of designating bylaw on hold.
City of Coquitlam	**Overall Grade:** C- **Number of TOAs:** 8 **Progress:** Designating bylaw adopted.
City of New Westminster	**Overall Grade:** C+ **Number of TOAs:** 5 **Progress:** Designating bylaw and development framework adopted.
City of Richmond	**Overall Grade:** C **Number of TOAs:** 5 **Progress:** Designating bylaw adopted.
City of Surrey	**Overall Grade:** C **Number of TOAs:** 15 **Progress:** Designating bylaw adopted.

Number of TOAs: 29
Progress: Designating bylaw adopted, along with a corresponding rezoning policy.

The City of Vancouver was one of the few municipalities to roll out a detailed rezoning policy for each of its 29 transit-oriented development areas before the June 30 deadline. Vancouver's rezoning policy regulates tenure (both strata and rental options), sets inclusionary housing standards (20% of FSR must be below-market rental or social housing), minimum frontages (132-150 ft for towers, 66 ft for low/mid-rise), Community Amenity Contributions (CACs) (none for secured rental with 20% below market), and it addresses built-form guidelines and conflicts between TOA policies and other community plans.

By establishing a detailed framework and setting guidelines for owners and developers, Vancouver has offered clarity and, therefore, is ahead of the pack. This is a pleasant surprise, given that Vancouver has the most TOAs and a history of taking forever to complete seemingly simple policy updates. (Where is the fixed-rate CAC policy already?!)

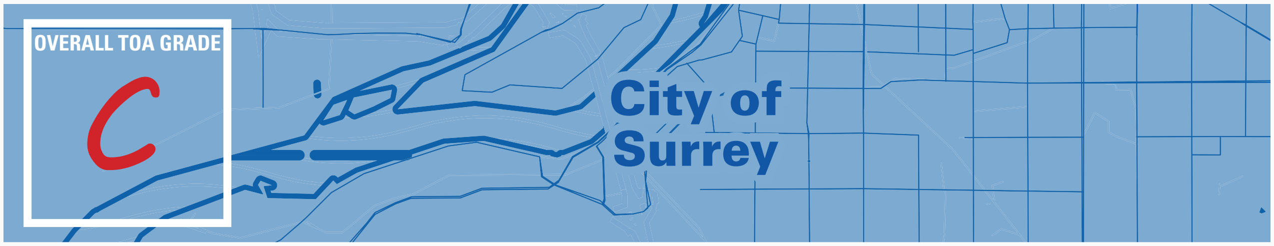
Closest to transit stations, Vancouver lifted Tier 1 density from 5.0 FSR to 5.5 FSR, suggesting the City is finally beginning to understand the need to provide enough density to make projects financially viable. Further out, however, requiring 20% below market in 6- or 8-storey 3.0 FSR projects is a poison pill seemingly designed to slow the pace of development. Outside the higher-density tower sites closest to stations, the numbers may simply not work.



Number of TOAs: 5
Progress: Designating bylaw adopted.

Richmond has identified properties falling within TOAs surrounding the five Canada Line stations, as required by provincial legislation, but has advanced no specific guidelines or rezoning policies. Most of the TOA properties are located within Richmond's City Centre Area Plan, so presumably the same policies will apply.

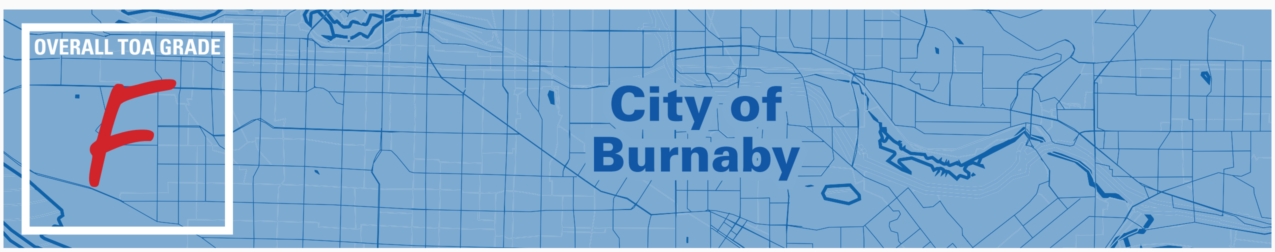
Richmond has an additional layer to consider: the superseding Federal Airport Zoning Regulations may limit heights and densities in the YVR flightpath, regardless of TOA designations.



Number of TOAs: 15
Progress: Designating bylaw adopted.

Surrey has the second-highest number of TOAs and, not surprisingly, is being looked at as a leading source of new housing supply for the region. Similar to Coquitlam and Richmond, Surrey has adopted its designation bylaw, mapping out which properties fall within the various TOA Tiers, but without any specific guidelines or rezoning policies.

Surrey has generally incorporated TOAs into existing OCP and community plans where they exist already, so rezonings will have to comply with OCP and community plan regulations, including design guidelines, affordability requirements, and any other bylaws, plans or policies adopted by Council.



Number of TOAs: 14
Progress: None. Consideration of a designating bylaw put on hold.

After amassing over $2 billion in reserve funds from high-density development in its four town centres, the City of Burnaby seems to be saying it is no longer interested in helping house the influx of new residents to the region. Council ignored the provincial deadline to designate Burnaby TOAs, instead suggesting that it will see what happens in other cities and revisit at a later date.

Confusingly, Council did not apply the same restraint to provincially enabled new funding mechanisms, instead imposing a massive increase to development fees. As of July 1, 2024, every new apartment built in Burnaby is on the hook for $39,000 in municipal development cost charges (DCCs) and amenity cost charges (ACCs), up catastrophically from the $2,500 that developers previously paid in DCCs for a standard 700 SF apartment. There is no word on whether Burnaby will reduce density bonus charges to offset the 1,500% increase, which creates even more uncertainty.

The policy changes have left developers scrambling to figure out how, or if, they can move existing projects forward, let alone create any of the new housing supply intended by the provincial legislation.

Number of TOAs: 8
Progress: Designating bylaw adopted.

Coquitlam seems to have done the bare minimum to comply with the legislation, while pushing off the changes required to actually implement the policies to some later date. Coquitlam met the provincial deadline to identify properties falling into the TOAs, but provided no guidelines for rezoning those properties, beyond the minimum height and densities mandated by the province.

Within existing high-density areas, the city is folding TOA-designated sites into its community plan framework ("Stage 2"), a process expected to be complete by Spring 2025. For "unplanned areas" where the city hasn't already allowed for higher densities, rezoning applications are "discouraged and may be considered premature." The community planning required to allow rezoning applications in these areas will be done later in the implementation process ("Stage 3"), which appears unlikely to begin before well into 2025.

It begs the question of what exactly the point of the TOA legislation, if municipalities can comply simply by saying a site is "designated," but decline or deflect rezoning applications that follow the prescribed densities.

Number of TOAs: 5
Progress: Designating bylaw adopted, along with a development framework.

New Westminster gets points for being more proactive than most by adopting a designating bylaw, and implementing a framework to help guide land owners through the entitlement process, but appear to be discouraging any real growth in areas where they hadn't already allowed high-density development.

In general, development proposals for TOA properties in areas designated high-density in the existing OCP can proceed under normal practices, policies and guidelines, with the heights and densities allowed in the provincial minimums. TOA properties requiring rezoning that is not consistent with the existing OCP (e.g, a high-density Tier 1 TOA property in a low- or medium-density OCP-designated area) will be limited to rental tenure, potentially with a below-market component, although details have not been provided.

THE STORY BEHIND THE STATS

Two big storylines dominated the Metro Vancouver multi-family market in the first half of 2024: a surprise change to the capital gains inclusion rate, and the rise of non-profit buyers fuelled by the provincial Rental Protection Fund.

But first, the statistics. In the first six months of 2024, 59 multifamily real estate transactions were recorded across Metro Vancouver, representing $890.3 million in total dollar volume. Both metrics reflect a significant upturn from 2023; the number of transactions increased 59% from 37 sales in the first half of 2023, and dollar volume was up 69% from $527.5 million.

Market activity was slightly below the 10-year and 20-year averages of 65-70 transactions in the first half of a given year. Four of the past 10 years have recorded dollar volumes of $530 million or less in the first half, suggesting that while the market in 2024 may feel calm compared to the highs of 2021/22, transactions and dollar volumes are on pace to end well above what we experienced in four of the last 10 years.

Of the 59 transactions recorded in the first half of 2024, 22 (37%) with a dollar value of $324.1 million (36% of total) closed in just one month, spurred on by the Federal Government decision to increase the capital gains tax inclusion rate as of June 25. In Vancouver proper, half of the sales (14) and 59% of dollar volume ($254.3 million) closed in June. There was some concern that sales might drop off after this one-time event, but we tracked over $200 million in sales in Vancouver alone in July and August – more than the first five months of the year in total! With mortgage rates continuing to decline, we could already be well into a stable market recovery.

While government continues to enact demand-side measures to keep their old boogey-man ("the speculator") out of the market, region-wide only three transactions (5% of the total) recorded in the first half of the year went to institutional investors. In a monumental shift in the usual buyer profile, non-profit / government buyers represented 14 transactions (24%) and $268.8 million in dollar volume (30% of total). Non-profit/government buyers had been responsible for only two transactions in 2023, and four in 2022.

Historical maximum allowable rental increases in BC

Year	Date announced	Rent increase rate
2025	August 26, 2024	3.0%
2024	August 30, 2023	3.5%
2023	August 29, 2022	2.0%
2022	September 8, 2021	1.5%

Regionally, the number of transactions split relatively evenly between the City of Vancouver (28) and the suburbs (31). A larger average building size in the suburbs meant nearly twice as many units sold (1,419 vs. 777) and overall dollar volume ($461.7 million) was slightly higher compared to Vancouver ($428.6 million). The increase in transactions from the first half of 2023 was more pronounced in the suburbs (up 94%) compared to Vancouver proper (up 33%), while the reverse was true for dollar volume, as a few large sales drove Vancouver volume up by a staggering 151%, compared to a 29% increase in the suburbs.

Within the City of Vancouver, properties acquired for redevelopment accounted for 31% of the total dollar volume ($133.7 million), nearly all of which was represented by a handful of Broadway Plan sites in Kitsilano and Fairview. Meanwhile, two high-rise transactions in the West End totalling $145.5 million represented 34% of the half-year total.

Kerrisdale dropped off entirely, with no sales recorded in the first half of 2024. The more affordable markets of East Vancouver and Marpole led the way for a second straight year, representing just over half the total transactions in Vancouver.

In the suburbs, development sites were less of a factor, while non-profits drove the market in an unprecedented way, representing 39% of the transactions, and scooping up $230.3 million worth of multi-family real estate, a whopping 50% of the six-month total dollar volume. By comparison, only one property sold to a non-profit / government buyer in Vancouver as the City itself picked up a newly completed building in East Vancouver.

After recording no sales in the first six months of 2023, and only one in the entire year, Burnaby rebounded with 10 transactions in the first half of 2024. New Westminster (five sales) and North Vancouver (four sales) combined for nine transactions compared to only three in the first half of 2023.

ACTIVITY HIGHLIGHTS: 2024 COMPARED TO 2023

First six months | January 1 to June 30, 2024

Building transactions	2024	2023	% change
Vancouver	28	21	+33%
Suburbs	31	16	+94%
	59	**37**	+59%

Number of suites sold	2024	2023	% change
Vancouver	777	393	+98%
Suburbs	1,419	685	+107%
	2,196	**1,078**	+104%

Dollar volume	2024	2023	% change
Vancouver	$428,622,750	$170,690,000	+151%
Suburbs	$461,712,975	$356,789,074	+29%
	$890,335,725	**$527,479,074**	+69%

Avg $/suite	2024	2023	% change
Vancouver	$551,638	$434,326	+27%
Suburbs	$325,379	$520,860	-38%
	$405,435	**$489,313**	-17%

Building transactions			Average price		
City	2024	2023	2024 $/suite	2023 $/suite	% change
Vancouver					
Eastside	8	7	$490,652	$430,156	+14%
Kerrisdale	0	1	n/a	$470,000	n/a
Kitsilano	6	4	$742,759	$456,190	+63%
South Granville	3	2	$579,203	$605,795	-4%
Marpole	7	5	$315,228	$372,050	-15%
West End	4	2	$585,565	$429,245	+36%
Suburbs					
Burnaby	10	0	$397,948	$0	n/a
New Westminster	5	1	$331,128	$243,333	+36%
North Vancouver	4	2	$428,187	$471,591	-9%
Surrey	1	2	$264,375	$330,435	-20%

2024 APARTMENT BUILDING SALES: METRO VANCOUVER

First six months | January 1 to June 30, 2024

ADDRESS	SUITES	PRICE ($)	AVG $/UNIT
Vancouver (Eastside)			
2325 Glen Dr (SP)	12	$5,600,000	$466,667
3333 Commercial Dr	20	7,375,000	368,750
2164 Wall St	8	2,800,000	350,000
* 2275 Oxford St	42	12,000,000	285,714
188 E Woodstock Ave (NC)	47	38,500,000	819,149
2224 Trinity St	10	3,100,000	310,000
342 N Garden Dr	12	3,680,000	306,667
3603-3611 Commercial St (MU)	13	7,412,000	570,154
	164	**$80,467,000**	**$490,652**
Vancouver (Kitsilano)			
2110 W 5th Ave (DS)	28	$20,000,000	$714,286
1960 W 7th Ave (DS)	35	23,000,000	657,143
2175 W 7th Ave (DS)	35	26,000,000	742,857
2011 York Ave	10	4,900,000	490,000
* 1000 Cypress St (DS, TH)	8	12,800,000	1,600,000
2260 W 2nd Ave (DS)	29	21,000,000	724,138
	145	**$107,700,000**	**$742,759**
Vancouver (South Granville)			
2772 Spruce St (DS)	19	$9,800,000	$515,789
1065 West 12th Ave (DS)	20	14,797,750	739,888
1465 W 14th Ave	14	6,100,000	435,714
	53	**$30,697,750**	**$579,203**
Vancouver (Marpole)			
1350 W 70th Ave (ST)	21	$6,900,000	$328,571
8725 Oak St (DS)	29	6,350,000	218,966
8820 Cartier St	24	7,488,000	312,000
911 West 71st Ave	8	2,735,000	341,875
8732 Granville St	10	2,800,000	280,000
8588 Cornish (AP)	23	9,375,000	407,609
8475 Granville (AP)	8	3,125,000	390,625
	123	**$38,773,000**	**$315,228**
Vancouver (West End)			
* 1925 Nelson St	21	$8,100,000	$385,714
1235 Nelson St	42	17,435,000	415,119
* 1846 Nelson St (HR)	43	20,450,000	475,581
1051 Broughton St (HR, SP, EST)	186	125,000,000	672,043
	292	**$170,985,000**	**$585,565**

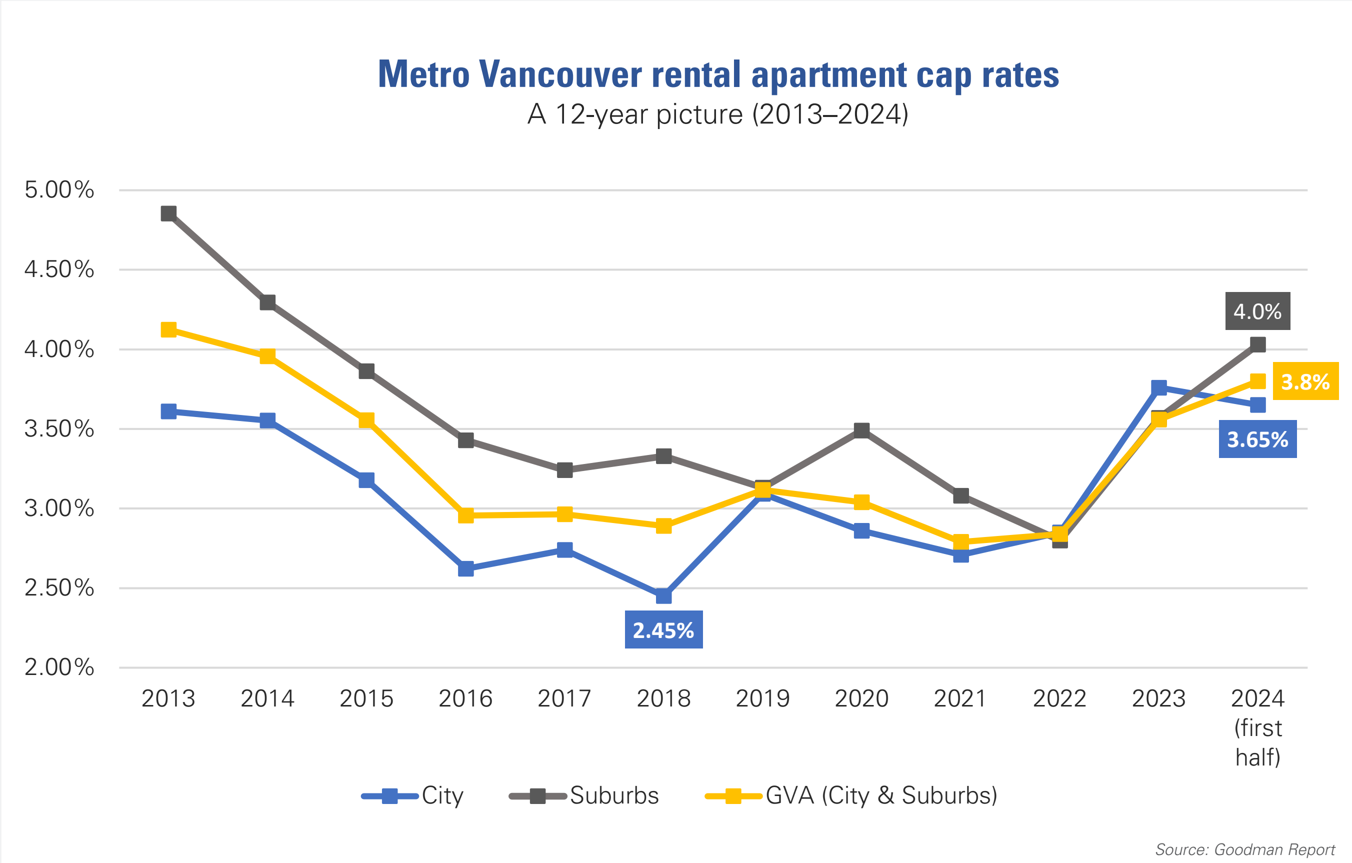
* Sold by Goodman Commercial Inc.

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

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

ADDRESS	SUITES	PRICE ($)	AVG $/UNIT
Burnaby			
* 6677 Silver Ave (DS)	27	Price confidential	
7268 Balmoral St	56	16,240,000	290,000
* 3940 Pender St	41	11,950,000	291,463
6730 Sussex	10	2,850,000	285,000
5777 Willingdon Ave (SP, DS)	65	38,000,000	441,860
4475 Grange St (SP, DS)	21		
6435 Royal Oak Ave	47	15,650,000	332,979
8357 10th Ave (SP)			
8350 11th Ave (SP)	79	33,000,000	417,722
8353 11th Ave (SP)			
	346	**$137,690,000**	**$397,948**
Coquitlam			
2860-80 Packard Ave (CO)	169	$37,985,915	$224,769
2865-85 Packard Ave (CO)	121	49,014,085	405,075
	290	**$87,000,000**	**$300,000**
Langley			
5374 203rd St (ST)	54	$16,465,000	$304,907
5375 204th St (ST)	54	18,535,000	343,241
	108	**$35,000,000**	**$324,074**
Maple Ridge			
22422 North Ave	25	$3,749,975	$149,999
20834 Dewdney Trunk Rd (TH)	44	18,500,000	420,455
	69	**$22,249,975**	**$322,463**
Mission			
33333 12th Ave (DS)	59	$6,958,000	$117,932
	59	**$6,958,000**	**$117,932**
New Westminster			
102/120 Agnes St (HR)	161	$50,000,000	$310,559
228 Manitoba St	9	2,530,000	281,111
115 Second St	10	3,400,000	340,000
* 408 E Columbia St (NC, AP)	72	29,500,000	409,722
629 Twelfth St	14	2,650,000	189,286
	266	**$88,080,000**	**$331,128**
North Vancouver			
1923 Purcell Way (SP)	90	$45,000,000	$500,000
255 W 2nd St (DS)	35	11,000,000	314,286
165 West 6th St	35	13,000,000	371,429
115 E 18th St	11	4,220,000	383,636
	171	**$73,220,000**	**$428,187**
Richmond			
10020 Dunoon Dr (ST)	68	$30,000,000	$441,176
3891 Chatham St (MU)	18	6,800,000	377,778
	86	**$36,800,000**	**$427,907**
Surrey			
5733 176 St (MU)	**8**	**$2,115,000**	**$264,375**
White Rock			
15791 Marine Drive (MU)	9	$6,840,000	$760,000
15474 Victoria Ave	7	2,560,000	$365,714
	16	**$9,400,000**	**$587,500**



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BAYSIDE TOWERS

1846 Nelson Street, Vancouver
43-suite 10-storey in the West End – west of Denman neighbourhood. Views.
Sold $20,450,000

PREMIERE

408 E Columbia St, New Westminster
Brand-new fully-leased 72-unit market rental. Steps to Royal Columbian Hospital.
Sold $29,500,000

HIGH-EXPOSURE PROPERTY

20596 Dewdney Trunk Road, Maple Ridge
2.62 acres in the heart of Maple Ridge.
Adjacent to Westridge Centre.
Sold $12,500,000

C-2 ZONED WAREHOUSE

57 Lakewood Drive, Vancouver
C-2 zoned warehouse / development site.
24,142 SF corner lot. Build up to 3.0 FSR.
Sold $10,500,000

KITS POINT WATERFRONT SITE

1000 Cypress Street, Vancouver
14,256 SF Kits Point DP-approved waterfront development site.
Sold $12,800,000

Note to readers:

This is a reprint of the April Fools' Day prank announcing the major changes coming to the Broadway Plan regarding the heights and density.

It was a fun day, and the "announcement" certainly got some attention and some gotcha moments!

MAJOR CHANGES COMING TO THE BROADWAY PLAN

Image: Architectural rendering shows full potential of the provincially mandated density upgrade to Vancouver's Broadway Plan.

Minimum frontage, towers-per-block, tenure and inclusionary zoning limits lifted

Fresh from raising minimum building heights and density around urban and suburban transit stations through its Bill 47 intervention, the BC government is once again moving to override municipal planners and politicians to hasten construction of new housing.

New legislation to be tabled later this spring will remove a host of regulations currently blocking much-needed residential development along Vancouver's Broadway corridor. In addition to lifting restrictions on building heights and density, the legislation will set aside minimum frontage requirements, the two-towers-per-block maximum, limitations on tenure, and inclusionary zoning policies, as well as some lesser development impediments. The Tenant Relocation Program will remain, but going forward will be financed by the province's Rental Protection Fund.

The changes were recommended by a multi-stakeholder Broadway Task Force (including Goodman Commercial brokers Mark Goodman and Ian Brackett) which the provincial NDP struck in January to speed up approvals tied to the City of Vancouver's 2022 Broadway Plan, the stalled 30-year vision to add badly needed housing, job space and amenities on close to 500 city blocks flanking the transit corridor.

Against demand that built up during a lengthy public consultation, as well as the extraordinary senior-government investment in the Broadway SkyTrain line, the City of Vancouver still has a huge backlog of development proposals for the neighbourhood often called "Vancouver's second downtown." When the province learned late last year that not a single new project had started construction since the Broadway Plan's approval, it quickly assembled the Broadway Task Force of real estate, development, and finance experts to try to break the logjam. Pointing to immigration and housing demand at record levels, a senior official in the BC Housing Ministry said, "We can't wait 30 years on Broadway. Renters and homebuyers need to see movement now."

> "We can't wait 30 years on Broadway. Renters and homebuyers need to see movement now."

Broadway Task Force recommendations, nearly all accepted by the government, include a dramatic increase in building heights and a corresponding reduction in development obstacles such as shadow restrictions and view cones. Noting that Bill 47 now permits 20-storey towers in suburban neighbourhoods across Metro Vancouver, Task Force members suggested that planners in the Broadway corridor should be taking their cues from the 60- to 70-storey towers that are increasingly common in Burnaby and Coquitlam. When provincial officials agreed, a surprised Mark Goodman said, "It's nice to see the phrase 'pace of change' being used in the positive. It's great to see government finally accelerating action to address the housing affordability crisis."

The legislative climate change may also trigger an unprecedented level and pace of new investment. As co-chairs of a Broadway Task Force finance subcommittee, Goodman and Brackett are in advanced negotiations with a multinational investment consortium that has been watching the Vancouver market, but hesitating because of what they feared was overregulation. Consortium spokesman Jawad "Johnnie" bin Abadi, CEO of the Bahrain-based 20240401 Holdings LLC, said this week that his fund and two similarly large investors from Kuala Lumpur and Shanghai are looking to stake a world-class real estate play in a stable market, "and this is just the kind of certainty we need."

> "We think we can really speed up the City's 30-year Broadway schedule. It should be possible to turn Broadway into the next Dubai in five to seven years."
>
> — BIN ABADI

"We think we can really speed up the City's 30-year Broadway schedule," bin Abadi said. "It should be possible to turn Broadway into the next Dubai in five to seven years."

Although the government also agreed to a Task Force recommendation to remove low-income housing requirements, Goodman said the finance subcommittee has also linked bin Abadi's investment group to a Vancouver-based cooperative housing society, which – with consortium support – has expressed an interest in participating in as many as one-third of new projects. A society spokesperson said they would prefer to partner on buildings that are 30 storeys or less, as their fee structure is more profitable when spread over a larger number of smaller buildings.

The City of Vancouver, which was limited to providing support staff to the Broadway Task Force, has been mostly silent on the recommendations, but made clear that it will respond quickly to manage health and livability issues arising from the change in development style. For example, any building over 45 storeys – and especially those that block existing view cones – might be required to provide public access to roof-top viewing decks. The City said it could also waive licensing requirements for tanning salons to help area residents deal with the sunlight deficit that could result from this form of development.

Federal officials, who also had ex-officio representation on the Task Force, have been more enthusiastic, agreeing to modify immigration requirements and speed processing for individuals with architectural, engineering, and professional planning qualifications, giving special consideration to those with experience in New York, Hong Kong, Shanghai, Dubai or other capitals with extensive supertall building heights.

Please feel free to call Mark Goodman or Ian Brackett to learn more about how the new Broadway Plan will affect your property's value …or not. Happy April Fool's.

Goodman report:

Mark Goodman
Personal Real Estate Corporation
Direct 604 714 4790
mark@goodmanreport.com

Ian Brackett
Direct 604 714 4778
ian@goodmanreport.com

Goodman Commercial Inc.
560–2608 Granville St
Vancouver, BC V6H 3V3

www.goodmanreport.com