

The Goodman Report

FOR
APARTMENT
OWNERS

Greater Vancouver Multi-Family Sales and Statistics

July 2007

Activity Highlights: 1st 6 months 2007 compared to 1st 6 months 2006

Total buildings sold 77 — down from 89 in 2006 -13%

Vancouver buildings sold 31 — down from 47 in 2006 - 34%

Suburban buildings sold 46 — up from 42 in 2006 +10%

Total Dollar Volume \$273,021,300 — down from \$344,902,790 in 2006 - 21%

Vancouver Dollar Volume \$134,363,000 — down from \$208,030,338 in 2006 - 35%

Suburban Dollar Volume \$138,658,300 — up from \$136,872,452 in 2006 + 1.5%

Total Suites Sold 1956 — down from 2753 in 2006 - 29%

Vancouver Suites Sold 806 — down from 1298 in 2006 - 38%

Suburban Suites Sold 1150 — down from 1455 in 2006 - 21%

Vancouver average \$ per suite is \$166,703 — up from \$160,269 in 2006 (a 4% increase)
Suburban communities average \$ per suite is \$119,843 — up from \$94,070 in 2006 (a 27% increase)

Vancouver Highlights

Vancouver Eastside	11 sales in 2007 compared to 15 in 2006. Average price up to \$122,305/suite — a 12% increase.
Vancouver Kerrisdale (incl. Oakridge and UBC)	Only 2 sales in 2007 compared to 4 in 2006. Average price similar to 2006 at \$223,504/suite. Sales include development site on Cambie and Southwest Marine Drive. Properties rarely available.
Vancouver Kitsilano	Only 3 sales in 2007 compared to 4 in 2006. Average price up to \$226,692/suite — a 28% increase.
Vancouver Marpole	Only 3 sales in 2007 compared to 5 in 2006. Average price up to \$137,813/suite — a 24% increase. Investors like location and affordability.
Vancouver South Granville	6 sales in 2007 compared to 10 in 2006. Average price up to \$194,380/suite — a 6% increase.
Vancouver West End	6 sales in 2007 compared to 9 in 2006. Average price down to \$163,199/suite — a 10% decrease

Suburban Highlights

Burnaby	23 sales in 2007 compared to 7 in 2006. Average price up to \$125,592/suite — a 7% increase. Unprecedented volumes in Burnaby.
Coquitlam	5 sales in 2007 compared to 2 in 2006. Average price up to \$110,938/suite — a 15% increase.
New Westminster	7 sales in 2007 compared to 11 in 2006. Average price down to \$93,143/suite — a 3% decrease. Affordability factor continues to attract investors.
North Vancouver	7 sales in 2007 compared to 7 in 2006. Average price up to \$149,570/suite – a 20% increase. High demand — little product available.

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A CHANGE IS IN THE AIR

Six Months Activity Highlights 2007

There is an intriguing mix of signals emanating from the latest batch of Vancouver Lower Mainland sales data. In Vancouver, after six years of strong, sustained growth in most categories (i.e. buildings sold, total volumes and average price per unit) there are perceptible signs of a slowing, and in some instances, a declining trend.

A clue to a “cooling” of the market is a significant reduction in Vancouver building sales to 31 in 2007 (first 6 months), compared to last year’s 47 buildings (first 6 months), while dollar volumes, not surprisingly, dropped 35% to \$134,363,000 from \$208,000,000 in 2006. Average prices overall have stabilized somewhat, increasing only 4% to \$166,703 over 2006. All six Vancouver districts have shown marked decreases in activity, with the West End, Marpole and Kerrisdale leading the way (see page 1).

In the suburban communities of Greater Vancouver, a somewhat different picture emerges when comparing the first half of 2007 to 2006. Total building sales is 46, up 10% over last year’s 42 transactions, while overall dollar volumes increased only 1.5% to \$138,658,300. In terms of average price per suite, however, the suburban markets have experienced a dramatic spike to \$119,843, a 27% increase over 2006’s \$94,070 average price per suite.

So what to make of these statistics? In our opinion, the recent slow down in Vancouver is evidence that the market is finally experiencing a reality check. We are witnessing early signs of resistance from investors increasingly sensitive to the growing gap between cap rates and market driven interest rates. In fact, mortgage rates in Canada have increased by approximately 100 basis points over the past year with 5 year conventional rates now at approximately 6% and CMHC rates at approximately 5.5%. Further contributing to the drop in sale volumes are the owners themselves. They have become increasingly reluctant to part with their apartment assets having concerns about how and where to re-deploy the proceeds on sale. Needless to say, the subject of capital gains without any “*Rollover*” options remains an irksome reason as to why many owners refuse to sell.

Meanwhile, investors seeking higher returns continue to gravitate towards suburban areas. In particular, Burnaby led the way with an astonishing 23 buildings sold in the first half of 2007 compared to only 7 in the first half of 2006. While the areas of New Westminster, North Vancouver and Coquitlam continue to show strong activity, there has been only one building reportedly sold in each of the following areas: White Rock, Maple Ridge, Mission and Tsawwassen. No sales were reported for the first six months of 2007 in Surrey, Langley, Port Moody, Port Coquitlam, Richmond or West Vancouver.

The Moratorium

A new twist to the market is the recent introduction by Vancouver City Council of a so-called temporary moratorium (until December 31, 2009) on the demolition of rental housing in most RM zones and including FM-1 and CD-1 districts. This was implemented in order to stop the erosion of existing rental housing stock being torn down by developers and for the City to have sufficient time to develop a comprehensive plan to deal with the diminishing supply of rental accommodation. One remains cynical about the *temporary moratorium* being removed by December 2009. One only has to look at the West End 10 years later – that moratorium is still in place despite an expanded local economy and a significant increase in population.

Some further fallout under this program: For rental apartment owners (six suites or more) who are selling their sites for new multi-family developments, they will be required to provide an 18 month option (approximately) to the developer to go through a costly and time consuming re-zoning process, without any guarantees of success. Previously under RM-3, for example, the zoning guidelines were clearly stated and there was never a need for the prolonged approval process that currently exists.

It should be duly noted that while Vancouver’s Planning Department require a lengthy 2 1/2 year period to conduct their survey, the Urban Development Institute offered to assist the City and have the report done in 4 months time – but to no avail.

Most notably, City staff concede in their report to Council, **Protection of Rental Housing Stock: Rate of Change Regulations**, that owners of rental housing stock will have limited opportunities to re-develop their properties and that it will “also have adverse consequences over the longer term such as accelerated disincentives.” In the same report, City staff say there are no implications for the City’s budget “at this time”, while they overlook the fact that next year, apartment owners, because of the negative impact of the moratorium on property values, should be entitled to have the land portion of their properties re-assessed at a lower figure to reflect the implications of this bylaw.

In the interim, it’s hoped that the Planning Department will provide developers sufficient incentives to allow for the development of new mixed-use market/rental initiatives. We understand that density and height guidelines would necessarily have to be greatly enhanced particularly if the 1:1 replacement policy of rental housing units is enforced.

Our Forecast

It’s our view that in spite of Council’s “noble” intentions to protect existing rentals, their plan will ultimately backfire. With the reduced quality and supply alternatives, both tenants and prospective condo buyers alike will be the unintended victims of the City’s moratorium decision, resulting in higher rents and condo prices. We should expect to see fewer condo projects, which traditionally have taken some pressure off the tight rental situation, launched over the next 18 months to 2 years as developers and the planning staff grapple with the new and complex development requirements.

Landlords report that demand for rental accommodation throughout Greater Vancouver is at an all time high. This will result in rents on “turnover” escalating well beyond the rate of inflation or the posted CMHC averages. We predict that the chronically low vacancy rates to worsen still further over the next two years.

While the sale total of Vancouver based buildings for the balance of 2007 is expected to decline moderately over 2006, we anticipate that activity in the suburban areas to continue at a brisk pace. In light of the ongoing and recent hikes in mortgage rates, we further believe that cap rates (yields) have now definitely hit bottom.

On a personal note, The Goodman Team is pleased to report that for the first 6 months of 2007, we have sold 15 of the 77 buildings known to have sold in the Greater Vancouver area (20% market share), with a total volume of \$50 million dollars in sales. We thank you for your support.

Apartment Building Sales

Vancouver Lower Mainland

January 1 to June 30, 2007

ADDRESS	SUITES	\$ PRICE	\$ PER/UNIT	ADDRESS	SUITES	\$ PRICE	\$ PER/UNIT
Vancouver (East Side)				Burnaby			
252 E 12th Ave	35	4,200,000	120,000	275 Gilmore	35	4,400,000	125,714
★ 150 E 14th Ave	34	4,973,000	146,265	204 Alpha	18	2,800,000	155,556
223 E 16th Ave	23	2,080,000	90,435	6729 Marlborough	8	1,175,000	146,875
2067 Pandora	8	1,088,000	136,000	6580 Dunblane	9	1,064,000	118,222
3115 Quebec	16	2,600,000	162,500	1220 Madison	13	2,200,000	169,231
★ 2250 Dundas	18	1,700,000	94,444	6426 Cassie	8	1,120,000	140,000
2130 Cambridge	23	3,075,000	133,696	6780 Sussex	10	1,050,000	105,000
1510 E 4th Ave	16	1,900,000	118,750	★ 7428 6th	17	1,150,000	67,647
3080 E 54th Ave	18	2,750,000	152,778	6663 Sussex	10	1,325,000	132,500
1771 E Georgia	40	3,410,000	85,250	6730 Dow	10	1,265,000	126,500
1794 Francis St	8	1,455,000	181,875	6680 Sussex	8	1,155,000	144,375
Total:	239	29,231,000	122,305	4105 Albert	26	3,450,000	132,692
Vancouver (Kerrisdale & UBC)				★ 6814 Arcola	11	1,270,000	115,455
5805 Balsam (HR)	47	13,650,000	290,426	6920 Gilley	47	6,025,000	128,191
445 SW Marine Dr TH (DS)	70	12,500,000	178,571	7111 Linden	60	5,900,000	98,333
Total:	117	26,150,000	223,504	6508 Telford	10	1,300,000	130,000
Vancouver (Kitsilano)				6550 Nelson	57	7,475,000	131,140
★ 2280 Cornwall	24	6,600,000	275,000	6570 Burlington	48	6,150,000	128,125
1985 W 8th Ave	8	1,808,000	226,000	205 Beta	20	3,100,000	155,000
2267 W 7th Ave	20	3,380,000	169,000	6661 Marlborough	10	1,161,800	116,180
Total:	52	11,788,000	226,692	6710 Sussex	10	1,540,000	154,000
Vancouver (Marpole)				3865 Sunset	10	1,150,000	115,000
1157 W 71st	11	1,750,000	159,090	★ 6788 Arcola	11	1,300,000	118,182
★ 1323 W 71st	54	7,475,000	138,426	Total:	466	58,525,800	125,592
★ 8678 Osler	15	1,800,000	120,000	North Vancouver			
Total:	80	11,025,000	137,813	161 W 4th St	47	6,750,000	143,617
Vancouver (South Granville/Fairview)				312 E 1st St	33	4,290,000	130,000
★ 1015 W 13th Ave	11	2,100,000	190,909	121 W 20th St	23	3,550,000	154,348
1745 W 12th Ave	47	10,200,000	217,021	1415 Chesterfield	15	2,480,000	165,333
3837 Oak St	13	2,600,000	200,000	260 E 16th St	48	6,800,000	141,667
1626 W 12th Ave	11	2,780,000	252,727	210 W 13th St	24	4,250,000	177,083
★ 1225 W 13th Ave	14	2,150,000	153,571	★ 254 W 3rd St	30	4,785,500	159,517
1009 W 10th Ave	41	6,800,000	165,854	Total:	220	32,905,500	149,570
Total:	137	26,630,000	194,380	Coquitlam			
Vancouver (West End)				668 Whiting Way	17	2,300,000	135,294
1039 Burnaby	20	3,129,000	159,600	1114-30 Howie	54	4,600,000 (Est.)	85,185
819 Nicola St	7	2,090,000	298,571	1117 Ridgeway	41	3,700,000	90,244
1057 Barclay	29	3,530,000	121,724	515-525 Fosler	60	8,250,000	137,500
1549 Barclay	21	3,100,000	147,619	655 North Road	52	6,000,000	115,385
1845 Comox (HR)	82	13,940,000	170,000	Total:	224	24,850,000	110,938
★ 1540 Burnaby	22	3,750,000	170,455	New Westminster			
Total:	181	29,539,000	163,199	503 Agnes	16	1,100,000	68,750
White Rock				634 Twelfth	14	1,457,000	104,071
★ 1580 Everall St	57	6,200,000	108,772	522 Ash	16	1,680,000	105,000
Maple Ridge				52 Royal	22	2,200,000	100,000
11682 224 St	21	1,265,000	60,238	201 Carnarvon	17	1,610,000	94,706
Mission				503 Agnes (Re-sold)	16	1,525,000	95,313
★ 32846 14th Ave	30	1,800,000	60,000	44 Leopold	11	860,000	78,182
				Total:	112	10,432,000	93,143
				Tsawwassen			
				★ 5558 15B Ave	20	2,680,000	134,000
				Note: The following 2007 (Strata Buildings) sales in Vancouver have not been included in any statistical reports:			
				1136 Pacific St (HR)	19	8,150,000	428,947
				1529 W 6th Ave (HR)	89	29,500,000	331,460

★ SOLD BY THE GOODMAN TEAM

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

The sale information provided is a general guide only.

There are numerous variables to be considered such as:

- 1) Suite Mix;
- 2) Rents/ft.;
- 3) Net leasable feet;
- 4) Buildings' age and condition;
- 5) Location
- 6) Frame or High Rise;
- 7) Strata vs. Non-Strata;

8) Land Value (Dev. Site); 9) Special financing; 10) Asset vs. Share Purchase.

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

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

Goodman

R E P O R T



JULY 2007

GOODMAN TEAM SALES 2007 (FIRST SIX MONTHS)

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Vancouver
Fairview
3075 Willow St.
Apartment/
Townhouse
Complex
8-2Br Units
Ask \$2,995,000



SOLD
Vancouver
South Granville
1015 West 13th Ave.
11 Units
Ask \$2,200,000



SOLD
Vancouver
West End
1540 Burnaby St.
22 Units
Ask \$4,095,000



SOLD
Vancouver
Mount Pleasant
150 East 14th Ave.
34 Units
Ask \$4,975,000



SOLD
Vancouver
South Granville
1225 West 13th Ave.
14 Units
Ask \$2,150,000



SOLD
Burnaby
Southeast
7428 6th St.
17 Units
Ask \$1,595,000



SOLD
Vancouver
Kitsilano
2280 Cornwall Ave.
24 Units
Ask \$6,800,000



SOLD
Vancouver
Marpole
8678 Osler St.
15 Units
Ask \$2,050,000



SOLD
Burnaby
Middlegate
6788 Arcola St.
11 Units
Ask \$1,350,000



SOLD
Vancouver
Eastside
2250 Dundas St.
18 Units
Ask \$1,995,000



SOLD
Burnaby
Middlegate
6814 Arcola St.
11 Units
Ask \$1,295,000



SOLD
Vancouver
Marpole
1323 W. 71st Ave.
54 Units
Ask \$7,750,000



SOLD
North Vancouver
Lower Lonsdale
254 West 3rd St.
30 Units
Ask \$4,995,000



SOLD
White Rock
1580 Overall St.
57 Units
Ask \$6,500,000



SOLD
Tsawwassen
5558 15B Ave.
20 Units
Ask \$2,750,000



SOLD
Mission, BC
32846 14th Ave.
30 Units
Ask \$1,795,000

FACT:

The Goodman Team, BC's leading apartment specialist, is number 1 in buildings sold and \$ volume 2003, 2004, 2005, 2006 and 2007.

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