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**Editors/Real Estate Reporters**

• Please click on link to view Avison Young's *Fall 2016 British Columbia Multi-Family Investment Report*:

[http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Vancouver/Research/2016/Vancouver\\_MFReport\\_Fall2016.pdf](http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Vancouver/Research/2016/Vancouver_MFReport_Fall2016.pdf)

**Elevated deal velocity boosts British Columbia  
multi-family transactions to record first-half sales**

***Avison Young releases its Fall 2016 BC Multi-Family Investment Report***

**Vancouver, BC** -- Investors' seemingly insatiable appetite for British Columbian multi-family assets – despite an apparent lack of product and capitalization rates that remain highly compressed – powered sales volume to record territory in the first half of 2016. Following the record-setting back half of 2015 when 54 transactions valued at more than \$1.0 billion were completed, multi-family investment activity remained elevated in the first half of 2016 with 43 transactions valued at \$472 million recorded from January to June – a first-half record. This compares with 26 deals valued at \$370 million in the first half of 2015 and 23 deals valued at \$396 million (the previous first-half record) in the first half of 2014. (Avison Young only tracks multi-family investments trading at more than \$5 million.)

Premium pricing and highly compressed cap rates continued to define BC's multi-family investment market, particularly within Metro Vancouver. Private investors were involved as buyers and vendors in every transaction in the first half of 2016. Most institutional investors simply do not have a mandate to acquire properties with such low cap rates and, combined with a lack of assets of scale available for purchase in BC, have largely avoided the asset class with limited exceptions during the past 18 months. Strong demand for multi-family product has pushed select properties to a 2% (or slightly less) cap rate and those properties with cap rates of 3% to 4% may continue to compress further yet.

These are some of the key trends noted in Avison Young's *Fall 2016 British Columbia Multi-Family Investment Report*, released today.

Multi-family building sales in Metro Vancouver were included in the new 15% levy on residential purchases made by foreign nationals that was introduced on August 2, 2016. While the impact on multi-family sales will not likely be known until year-end, the levy is not anticipated to have a significant effect on deal volume or pricing in the second half of 2016.

“Higher pricing is anticipated to continue to drive sales volume in 2017 as a constrained supply of available assets lead to more off-market sales and lower cap rates, as investors acquire properties as a form of capital preservation as opposed to purchasing income-generating assets,” comments Avison Young Principal **Robert Greer**. “Higher rents, extremely low vacancy and incentives from municipal governments will continue to drive the development of purpose-built rental buildings, but demand will continue to outpace the delivery of new units for many years to come.”

According to the report, acceleration of the wind-up of residential strata corporations throughout Metro Vancouver in 2017 is expected as amended regulations introduced in early 2016 lowered the threshold necessary for a strata council to dissolve the strata in order to sell the property for redevelopment.

While the vast majority of multi-family transactions in the first half of 2016 occurred within Metro Vancouver (particularly in Vancouver proper), a renewed focus on secondary markets is anticipated as pricing and the foreign buyer’s tax force those investors chasing higher yields and available supply to increasingly consider other markets in BC.

The report also contains a Q&A with **Darren Donnelly**, partner and chair of the commercial real estate group at **Clark Wilson LLP**, discussing the recent changes to the provincial laws related to the dissolution of strata properties.

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