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AVISON YOUNG

Media Release

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-Please click here to view Avison Young's British Columbia Q2 2009 Multi-Family Investment Report:
http://www.avisonyoung.com/library/pdf/Van_Research/MF_Report-Q2_2009_WEB.pdf

**British Columbia's multi-family investment market
begins to stabilize as prices slowly return to normal levels**

Avison Young releases Q2 2009 BC Multi-Family Investment Report

Vancouver, BC— British Columbia's multi-family investment market is starting to stabilize as investor confidence grows and prices return to levels seen 18 months ago, according to Avison Young's **Q2 2009 BC Multi-Family Investment Report**, released today.

"The market stumbled through the latter part of 2008 and the beginning of 2009 with barely enough sales to indicate new realistic market pricing," comments Avison Young Principal **Rob Greer**. "Now, that seems to have completely changed. The market is currently very active with a sense of renewed confidence on the part of investors."

A total of 14 multi-family transactions were completed in the second quarter of 2009, down slightly from 17 in the first quarter. Despite the dip, total dollar volume increased 51% to \$89.8 million in the second quarter from \$59.3 million in the first quarter. On a year-over-year basis, second quarter 2009 dollar volume nearly matched the \$88.3 million in sales that occurred during the same period in 2008.

"In the second quarter of 2009, we definitely saw the market pick up," notes Avison Young multi-family investment advisor **Michael Brodie**. "We saw quite a flurry of activity towards the end of the second quarter. The doom and gloom prevalent at the end of 2008 and in the early part of 2009 has disappeared."

According to the report, purchasers have forced vendors and their brokers to market properties based on actual income and opportunities for real returns. Purchasers, while drawn to Canada Mortgage and Housing Corporation's (CMHC) attractive financing and the consistency of multi-family returns, have returned to fundamentals that emphasize cash flow.

“Individual private investors were the most active in the second quarter of 2009,” adds Avison Young sales associate **Matt Saunders**. “Most vendors continue to be private investors who are either retiring or looking to reposition their finances.”

The most significant change for vendors in the second quarter, he adds, was the emergence of institutional sellers as some had to reposition their equity to deal with refinancing challenges.

“The larger institutional buyers, including REITs and syndicates, are re-entering the market to take advantage of higher yields that can now be achieved,” notes Greer. “As long as specific yield requirements are met, we will continue to see a high level of activity for the duration of 2009.”

Greer adds that due to a rise in vacancy rates, owners are now competing for quality tenants. According to the report, rental rates are beginning to favour tenants, especially in some of the tertiary markets, whereas 18 months ago landlords were able to set record rental rates.

“We’re starting to see some downward pressure on rents,” says Greer. “Landlords must be careful not to be too aggressive with rental increases, or else suites could sit vacant for several months. Landlords must be aware, now more than ever, of the competition in the individual markets– and price rents accordingly.”

Overall, the market is expected to witness increased sales activity in both dollar volume and number of transactions in the latter half of 2009 over the first half of 2009 as capitalization rates stabilize and interest rates remain at historical lows, Greer says.

*Founded in 1978, **Avison Young** is Canada's largest independently-owned commercial real estate services company and the only national, Canadian-owned, principal-managed real estate brokerage firm in the country. Headquartered in Toronto, Ontario and ranked among Canada's leading national commercial real estate organizations, Avison Young is a full-service commercial real estate company comprising more than 500 real estate professionals in 12 offices across Canada and in Chicago, IL. The company provides value-added, client-centric investment sales, leasing, advisory, management and financial services to owners and users of commercial, industrial and multi-residential real estate properties.*

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(If you are unable to open the link, please contact Sherry Quan for PDF attachment to be emailed.)

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