partnership.
performance.

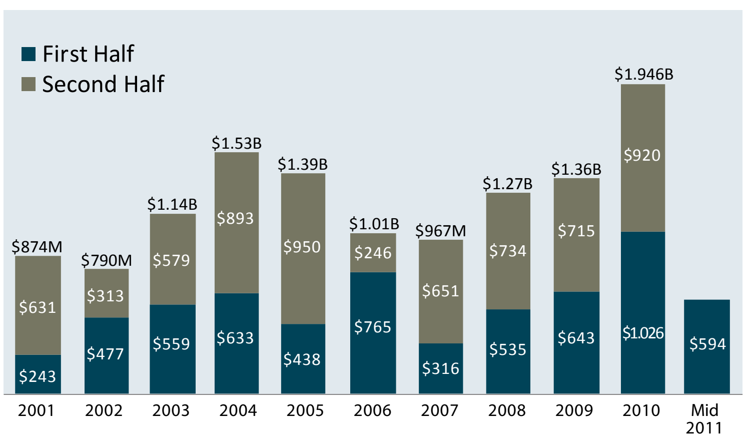
# British Columbia Real Estate Investment Review

Mid-Year 2011

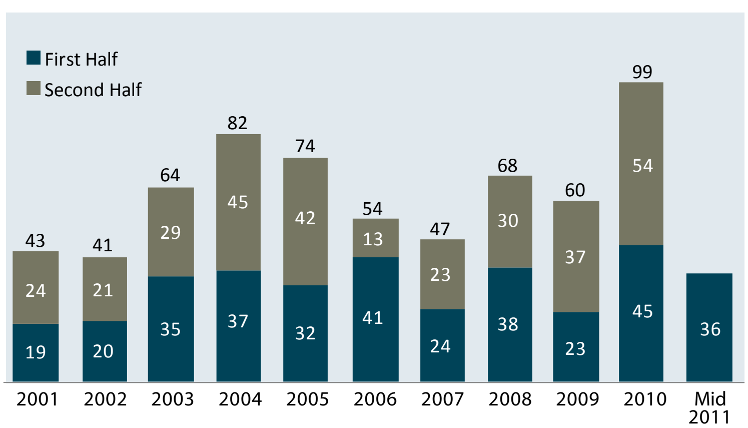
AVISON YOUNG
Intelligent Real Estate Solutions

| | First Half 2011 |
|---|---|
| **Total value (sales > $5 million):** | **$594 million** |
| **Total number of transactions:** | **36** |
| **Most active buyers:** | **Private** |
| **Most active sellers:** | **Private** |
| **Most active asset class:** | **Office** |

### BC Investment Sales by Dollar Volume ($ Millions) (Properties > $5 Million)




### BC Investment Sales by No. of Transactions (Properties > $5 Million)




## BC commercial real estate investment market remains strong despite global economic turmoil

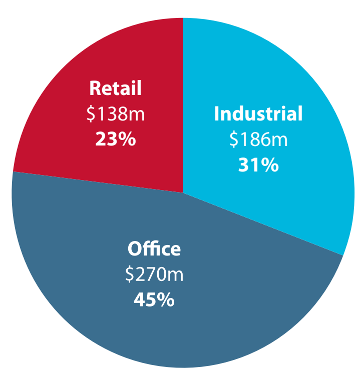
Commercial real estate investment in British Columbia returned to historical trends in the first half of 2011 after experiencing record deal and dollar volume highs in 2010. More than $594 million was invested in 36 transactions involving office, industrial and retail assets in BC during the first six months of 2011. (Avison Young tracks investment deals valued at more than $5 million.)

Largely due to the lack of available product, deal and dollar volumes during the first half of 2011 were unable to match the staggering $1.026 billion of commercial real estate investment recorded in 45 transactions in the same period last year. No single transaction skewed overall dollar volume, with just seven transactions in excess of $30 million during the first six months of 2011. Avison Young also tracks multi-family investment sales, but those figures are not included in the overall statistics.

The low cost of debt continued to drive down yields with private investors representing the majority of both vendors and purchasers. Industrial and office product captured 75% of the dollar volume invested by private buyers. REITs, which were the second most active purchasers of commercial real estate assets in the first half of the year, which was spread equally amongst office, retail and industrial assets. Ongoing cap rate compression continued, particularly for multi-family investments, as low interest rates persist due to global

continued on back page...

### Sales by Property Type and Dollar Volume
First Half 2011



## Overall Trends

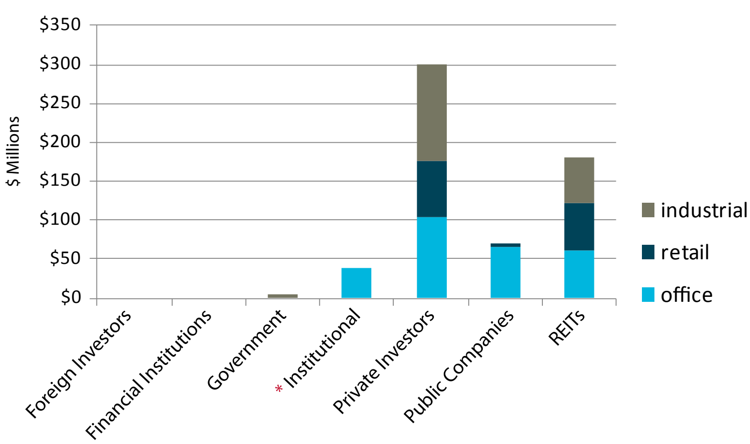
### Lack of supply hampering deal and dollar volume in 2011

In the first half of 2011, the total dollar volume of office, retail and industrial property sales in BC reached approximately $594 million, approximately 60% of the $1.026 billion spent in the first half of 2010.

Deal velocity during the first half of 2011 also declined with 36 completed transactions compared with 45 and 54 transactions respectively in the first and second halves of 2010. It is not anticipated that deal and dollar volumes in 2011 will match the record 99 transactions /$1.946 billion set in 2010 as sellers are more reluctant to match buyer appetite for acquiring quality commercial real estate assets. Institutional investors are also seeking to deploy capital in the commercial real estate market in an effort to boost yields as returns from equity market investments remain low and unstable.

Private buyers were most active on both the buying and selling sides in the first half of 2011 and were the most dominant in each asset class: $122 million for industrial product, $104 million on office premises and $73 million on retail properties. Private purchasers accounted half of the total spending in the first six months of the year.

**First Half 2011: Buyer Purchases by Asset Type**




** Institutional investors include pension funds and life insurance companies*

*Note: Foreign buyers may also be institutional or private investors. Rather than identify them separately as foreign, Avison Young may categorize them as institutional or private as they often have local representation.*

REITs have had little trouble raising capital in the public markets and continued to grow their portfolios, acquiring office product ($62m), retail ($59m) and industrial ($58m) properties. Institutional investors purchased $39 million of office assets, while publicly-traded non-REIT companies spent almost $71 million on office and retail product combined.

The lack of quality investment-grade properties in any asset class was the primary acquisition determinant in the first half of 2011 as opposed to buyer preference or availability of capital. Demand is higher than in 2010.

Based on 36 transactions, the number of industrial (13), office (12) and retail (11) trades demonstrated well-balanced deal activity in the first half. Office investments dominated total dollar volume with $270 million in deals transacting followed by industrial ($186m) and retail ($138m) investments. Government spending (1 transaction/$5.75 million) was a non-factor.

Deal velocity is not projected to increase through 2011 as there is limited new supply anticipated in the market for any asset class. Also, the continuing global economic uncertainty reinforces the attitudes of already reluctant sellers to hold on to their commercial real estate holdings.

Going forward, there are two possible exceptions to this scenario supporting the theory that sellers may favour disposition: the recent extension of low interest rates to mid-2013 by the **US Federal Reserve Bank** provides a definitive window of greatest opportunity for the sale of assets in the near term as opposed to the mid-to-long term in order to take advantage of purchasers' willingness and ability to meet sellers' price expectations; or, to a lesser extent, the pursuit of a disposition strategy to build up cash reserves to take advantage of emerging sale opportunities when interest rates do rise.

Providing there is quality underwriting at the outset, unconditional offers are emerging as a strategy for purchasers to obtain investment-grade commercial properties due to the competitive investment market. The move towards pre-due diligence and shorter closing periods are a few examples purchasers are employing to gain leverage over the competition. The continued availability of low-cost debt has pushed private investors into competition with institutional investors that have typically only competed with other like investment vehicles. While yields on commercial real estate in Metro Vancouver remain low, they are viewed as attractive as a stable and secure investment while bond and stock markets are in flux due to global economic instability.

The ongoing lack of quality investment-grade commercial real estate available in Metro Vancouver may convince some institutions to consider building the product they cannot buy as the market is at a point, in many cases, where the cost of acquiring existing assets is higher than new development. The disposition of non-institutional-grade assets from a commercial real estate portfolio could free up capital, which an institutional investor could redeploy to develop excess land or redevelop existing sites.

Many vendors elected to sell in 2010 when it was viewed as a favourable environment to optimize assets. Those market conditions have continued into 2011. The number of off-market transactions continues to rise as purchasers and vendors work to find ways to get deals done.

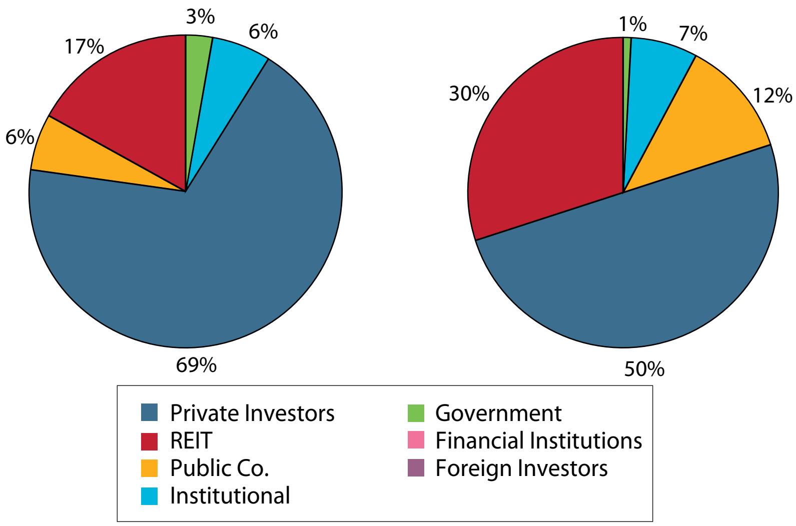
**Lululemon Athletica's** $65-million purchase of 1818 Cornwall was the largest commercial real estate transaction in BC in the first half of 2011

## Buyer Profile

Private buyers accounted for more than two-thirds (25 of 36) of all transactions and 50% ($299 million) of the total $594 million invested in the first half of 2011. This marked a decline compared with the second half of 2010 when private purchasers were responsible for 76% (41 of 54) of transactions and 56% ($512 million) of the total $920 million invested. Twelve months earlier, private buyers were involved in 33 of 45 transactions for a combined value of $540 million (of $1.026 billion in total) in the first half of 2010.

REITs were involved in 17% of transactions (6 of 36) for a total of $180 million (representing 30% of total dollar volume) in the first half of 2011 compared with 7% of transactions (valued at $148 million) in the second half of 2010. These investment trusts have become increasingly active purchasers since the second half of 2009.

**Mid 2011: Number of Transactions by Type of Buyer** | **Mid 2011: Value of Purchases by Type of Buyer**




Public companies and institutional investors (which include pension funds and insurance companies) each participated in two transactions for a total of 11% (4 of 36) of all transactions in the first half. Owner-user publicly-traded companies, driven primarily by **Lululemon Athletica's** $65-million purchase of an office building at 1818 Cornwall Avenue, spent $71 million overall, while institutional investors deployed $39 million of capital into two office deals. Government – the **City of Surrey** – was involved as a purchaser in a single industrial transaction valued at $5.75 million.

Investors spent $270 million on BC office assets in 12 transactions (of 36) with all but one located in the Lower Mainland. Private purchasers invested $104 million in office product overall followed by a public company which spent $65 million. REITs invested $62 million and institutional buyers purchased $39 million of office assets.

Unlike previous years, industrial properties were the most actively traded commercial real estate asset type (13 of 36) with $186 million in deals completed during the first half of 2011. Private buyers were the most active investor in the asset class, deploying $122 million in capital compared with $58 million spent by REITs and $5.75 million by government. All industrial transactions transpired in Metro Vancouver.

Investment in retail ($138m) during the first six months of 2011 was at its lowest level since the first half of 2009 ($41 million). There were 11 transactions compared with 19 ($437m) and 21 ($711m) in the second and first halves of 2010, respectively. The first half of 2011 marked the first time since mid-2009 that retail investment did not generate the greatest dollar volume of the three commercial real estate asset classes.

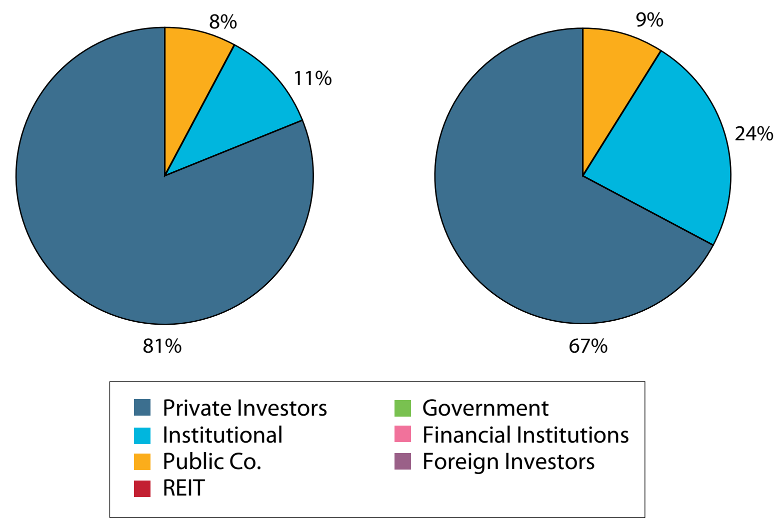
## Seller Profile

Private owners continued to dominate the selling side in the first half of 2011, representing 81% of vendors (29 of 36) and 67% ($397 million) of dollar volume. In a commercial real estate market benefitting from the continued low cost of debt and stock and bond market uncertainty, BC commercial real estate assets remain inordinately attractive to purchasers, creating a compelling motivation to meet seller expectations in order to obtain safe haven for capital.

Twelve months earlier, private sellers made up 64% of the market, but just 33% of total dollar volume. The trend towards increasing numbers of private sellers obtaining a greater share of dollar volume accelerated during the second half of 2010, with 83% of commercial real estate deals transacted by private vendors who achieved 65% of the total dollar volume of sales.

Institutional vendors continued to find opportunities to divest BC commercial real estate assets for a healthy return, accounting for 24% ($145 million) of dollar volume in just 11% (4 of 36) of the total trades occurring in the first half of 2011. During the first half of 2010, institutional sellers comprised 29% (13 of 45) of the market reflecting 61% ($624 million) of total dollar volume, in large part due to three retail deals in excess of $90 million each. The latter half of 2010 saw institutional deal velocity decline to 9% (5 of 54) of total sale transactions, but institutional sellers still captured 29% ($270 million) of total dollar volume.

**Mid 2011: Number of Transactions by Type of Seller** | **Mid 2011: Value of Sales by Type of Seller**




Public companies sold off $52 million (9%) of commercial real estate assets in three industrial deals during the first half of 2011. The $40-million sale of 7867 and 7890 Express Street was the largest industrial transaction in the half. In the first half of 2010, public companies represented only 4% (2 of 45) of the market with $36 million (3%) in sales dollar volume. The number of public companies increased during the second half of 2010 to 7% of sellers and $49 million (4%) in sales dollar volume. REITs and government bodies were not involved in the disposition of any commercial real estate assets in the first half of 2011.

Office sales generated $270 million (45%) of total dollar volume, with 10 of 12 sales completed by private vendors. Institutional sellers were involved in the remaining two deals. Industrial sales comprised 13 transactions valued at $186 million (31%) of total dollar volume. Eight industrial sales were completed by private vendors, while two involved institutions and another three featured public entities disposing of real estate assets. All retail transactions, which comprised 11 deals valued at $138 million, were sold by private interests.

# Office

Office investment topped all asset classes in terms of dollar volume ($270m) and comprised 12 trades, which represented approximately 45% of total dollar volume and one-third of transactions in the first half of 2011.

When compared with the first half of 2010 (12 transactions valued at $189 million), and the last six months of 2010 (14 transactions totalling $295 million), the first half of 2011 was characterized by an overall lack of available quality office assets, particularly in Downtown Vancouver. That shortage was accompanied by rising prices and further capitalization rate compression for those assets that did come to market as demand for office product in most municipalities in Metro Vancouver remained strong.

Only a minority of the deals completed in the first half were formally listed, while the remainder were categorized as "off-market" transactions. The Downtown Vancouver vacancy rate continued to tighten, dropping to 5% with little relief likely in the next 30 months. Determining capitalization rates for downtown office product is challenging due to the lack of recent transactional activity, but cap rates are believed to be below 6% and likely to compress further as competition increases and interest rates remain at historic lows. Richmond (2), Burnaby (2), Victoria (1) and Langley (1) saw minimal office sales activity, but did result in two deals in excess of $30 million each.

The remaining six deals occurred in Vancouver, including Lululemon Athletica's $65-million acquisition of 1818 Cornwall in Kitsilano, which was the largest acquisition in any asset class in the first half of 2011. Two other small deals occurred in Gastown. The downtown core recorded three transactions, including a strata office space purchase and a strategic swap involving two buildings with an eye to future redevelopment potential.

A lack of quality product and the unwillingness of owners to sell, in part due to the absence of stable alternative investments, hampered deal and dollar volumes in the first half and will continue to impede deal velocity moving forward. The completion of two or three new downtown office towers in 2015/16 is not anticipated to alleviate investor demand.

1050 West Pender Street (above) and 1090 West Pender Street were part of an ownership swap with an eye to future redevelopment potential

Downtown Vancouver's vacancy rate may increase slightly as a result of new construction, but cap rates are expected to remain under intense pressure.

Looking ahead, office deal and dollar volume is expected to remain steady or decline through the remainder of 2011 as the lack of supply becomes more pronounced and investors with capital and low-cost debt flood into the market in search of the stable returns currently eluding much of the world's equity markets.

OFFICE

| PROPERTY | MUNICIPALITY | PRICE | VENDOR TYPE | BUYER TYPE | DATE |
|---|---|---|---|---|---|
| Gateway Business Park<br>2261 Keating Cross Road | Victoria | $31,850,000 | Private | REIT | June 2011 |
| The Offices at Hotel Georgia<br>669 Howe Street | Vancouver | $27,663,858 | Private | Private | June 2011 |
| 190 Alexander Street | Vancouver | $10,375,000 | Private | Private | June 2011 |
| 342 - 346 Water Street,<br>401 - 403 W. Cordova | Vancouver | $5,800,000 | Private | Private | May 2011 |
| 4126 Norland Avenue | Burnaby | $7,000,000 | Private | Private | May 2011 |
| 5760 Minoru Boulevard | Richmond | $6,100,000 | Private | Private | April 2011 |
| Three West Centre - Office Tower, Units 1001-1029, 1101-1129, 1201-1229 at 6081 No. 3 Road | Richmond | $7,050,000 | Private | Private | March 2011 |
| 1818 Cornwall Avenue<br>1845 & 1865 York Avenue | Vancouver | $65,000,000 | Institutional | Public Co. | March 2011 |
| 1090 West Pender Street | Vancouver | $19,500,000 | Private | Institutional | February 2011 |
| 1050 West Pender Street | Vancouver | $40,000,000<br>(50% interest) | Institutional | Private | February 2011 |
| Renfrew Business Centre<br>2665 Renfrew Street | Burnaby | $30,050,000 | Private | REIT | February 2011 |
| Willowbrook Business Park<br>6325 204th Street<br>20434 64th Avenue | Langley | $19,377,500 | Private | Institutional | January 2011 |
| **Total** | | **$269,766,358** | | | |

# Retail

Private investors remained keen to acquire BC retail assets in the first half of 2011 but most owners were unwilling to divest retail assets due to the inability to identify alternative investments that would obtain similar yields.

In 2010, a staggering $1.148 billion was invested in 40 retail transactions, whereas the first half of 2011 witnessed just 11 transactions totalling $138 million. In comparison, the first half of 2010 saw 21 retail deals totalling $711 million. The largest transaction in the first half of 2011 was the $40-million acquisition of **Lansdowne Village** in Kamloops by **Whiterock REIT**. Only two other deals exceeded $15 million in the first half of 2011. The largest transaction in the first half of 2010 was the $133 million acquisition of **Lougheed Town Centre**, a single deal that almost surpassed total retail investment in the entire first half of 2011. In the first half of 2010, 11 other transactions were larger than $15 million.

Many of those vendors who were prepared to execute on the disposition of retail assets did so in 2010 when it was seen as a favourable time to transact; however, continued low interest rates and ongoing economic turmoil in the U.S., Europe and elsewhere have prolonged that window of opportunity.

Alternatively, some potential vendors may be considering the benefits of building cash reserves through dispositions to take advantage of perceived improved buying conditions emerging during the next 12 to 18 months in markets outside Metro Vancouver.

No large-scale retail assets were listed and sold or acquired on an off-market basis during the first half of 2011 as owners chose not to divest retail assets in an economic environment where better returns were unavailable in alternative investments. With interest rates projected to remain low for some time, perhaps even declining further, and with bond rates near historical lows, commercial real estate will continue to attract investment.

With minimal new retail inventory planned in BC, demand for those retail assets that do become available is strong and will likely result in continued capitalization rate compression (a further 25 to 50 basis points (bps)) because of the low cost of debt and lack of confidence in other forms of investments such as stocks and bonds.

Private buyers made up the majority of purchasers (8 of 11) and resulted in $73 million in dollar volume, while REITs (2 of 11) spent $59 million. The largest Vancouver transaction in the first half of 2011 was the $26-million acquisition of **L'Hermitage en Ville** by a private buyer. While more than half of the retail transactions took place in Vancouver, Richmond and Langley, the outlying areas of Chilliwack and Kamloops also witnessed some activity.

The $26-million sale of **L'Hermitage en Ville** was the largest retail transaction in Vancouver in 2011 to date

Retail deal velocity is likely to remain steady or decline slightly in the second half of the year. With some large-scale retail deals anticipated to close in the last six months of 2011, higher dollar volume is anticipated. BC retail sales quickly recovered after the recent downturn, posting $58.1 billion in spending in 2010 after slipping to $55.2 billion in 2009 from sales of $57.8 billion in 2008. With less retail vacancies and fewer tenant defaults, investor confidence and desire to acquire BC retail assets remains strong. This year, BC retail spending (January to May) was on pace to exceed 2010 levels ($24.4 billion in 2011 vs. $24.2 billion in 2010). Retail deal velocity is expected to recover as assets in secondary markets are purchased by buyers seeking stable returns during challenging economic times.

RETAIL

| PROPERTY | MUNICIPALITY | PRICE | VENDOR TYPE | BUYER TYPE | DATE |
|---|---|---|---|---|---|
| 222 - 236 West Broadway | Vancouver | $7,500,000 | Private | Private | June 2011 |
| Chintz Building, 948 - 950 Homer Street | Vancouver | $18,500,000 | Private | REIT | June 2011 |
| 46125 Olds Drive | Chilliwack | $5,700,000 | Private | Public Co. | June 2011 |
| Empire Centre, Units 103, 105, 108, 111, 113 & 115 at 4600 No.3 Road | Richmond | $6,080,000 | Private | Private | May 2011 |
| 620-622 Seymour Street | Vancouver | $5,500,000 | Private | Private | April 2011 |
| Lansdowne Village | Kamloops | $40,750,000 | Private | REIT | April 2011 |
| 1635 & 1637 West Broadway | Vancouver | $5,100,000 | Private | Private | April 2011 |
| North Langley Business Plaza, 19875 & 19889 96th Avenue | Langley | $9,600,000 | Private | Private | March 2011 |
| 1595 Boundary Road | Vancouver | $8,000,000 | Private | Private | March 2011 |
| L'Hermitage en Ville, 788 Richards Street | Vancouver | $26,050,000 | Private | Private | March 2011 |
| 3411 & 3471 No. 3 Road | Richmond | $5,300,000 | Private | Private | February 2011 |
| **Total** | | **$138,080,000** | | | |

# Industrial

Demand for industrial investment properties in Metro Vancouver remained strong during the first half of 2011 as primarily private purchasers used low-cost debt and sidelined capital to continue to meet vendor expectations in the supply-constrained market.

Deal velocity decreased during the first six months of 2011 compared with the last six months of 2010, but remained in line with sales activity in the first half of 2010. Despite low interest rates, available equity and strong demand, securing quality industrial assets remained a challenge and will continue to be for the foreseeable future.

Dollar volume on a per transaction basis remained fairly consistent over the past 18 months since the recovery of Metro Vancouver's industrial real estate market began in earnest at the start of 2010. There was $186 million invested in industrial assets during the first half of 2011 compared with $187 million in the second half of 2010 and $126 million 12 months earlier.

With 33 industrial transactions in 2010 valued at $314 million in total, the average per transaction price worked out to be almost $10 million. Tracking dollar volume in the first half of 2011, not including **Pure Industrial Real Estate Trust's** unusually large $40-million acquisition of 7867 and 7890 Express Street in Burnaby, sale volumes averaged approximately $10 million per transaction, indicating the stable deal and dollar volumes inherent in Metro Vancouver's current industrial market.

Vendors typically have taken advantage of low cap rates to dispose of assets but recently, it has been private buyers in their search for product who are active despite continuing cap rate compression.

While cap rates will likely remain low as the continuing lack of supply increases pressure on those vendors considering whether or not to pursue a disposition strategy, the recent announcement by the **U.S. Federal Reserve Bank** to maintain U.S. interest rates at almost zero until mid-2013 could trigger a re-evaluation of such strategies. Sellers may now perceive the next 18 to 24 months as the last window of opportunity to execute disposition plans and take advantage of low cap rates and buyers' ability to finance at low interest rates. This school of thought could result in more assets being brought to market sooner than planned as vendors seek to take advantage of continuing economic uncertainty and high demand for quality industrial real estate assets.

The $40-million sale of 7867 & 7890 Express Street in Burnaby to **PIRET** was the largest industrial transaction in BC during the first half of 2011

Metro Vancouver's industrial vacancy rate continues trending lower year-over-year as the lack of land and new development pushes lease rates, as well as deal and dollar volumes, higher. Overall vacancy was at 4.5% this spring compared with 4.7% in spring 2010. The vacancy rate remains above the 2.4% recorded in fall 2008, when vacancy rose above 2% for the first time since early 2006.

Industrial deal and dollar volumes in Metro Vancouver will likely remain steady through 2011 as increasingly aggressive purchasers – primarily private investors but REITs as well – seek to free up industrial assets through off-market deals that meet seller expectations.

INDUSTRIAL

| PROPERTY | MUNICIPALITY | PRICE | VENDOR TYPE | BUYER TYPE | DATE |
|---|---|---|---|---|---|
| 6010 Trapp Avenue | Burnaby | $6,100,000 | Private | Private | June 2011 |
| 7731 & 7771 Alderbridge Way | Richmond | $39,650,000 | Private | Private | June 2011 |
| 14251 Burrows Road | Richmond | $5,825,000 | Private | Private | June 2011 |
| 8000-8010 Winston Street | Burnaby | $13,275,000 | Private | Private | March 2011 |
| 13040 Worster Court | Richmond | $6,600,000 | Public Co. | Private | March 2011 |
| 9255 194th Street | Surrey | $18,380,000 | Institutional | REIT | March 2011 |
| 251-285 East 1st Avenue | Vancouver | $8,400,000 | Private | Private | March 2011 |
| 7107 & 7137 Venture Street | Delta | $5,100,000 | Private | Private | March 2011 |
| 8717 132nd Street | Surrey | $5,750,000 | Public Co. | Government | March 2011 |
| 400 Ewen Avenue | New Westminster | $5,500,000 | Private | Government | February 2011 |
| 15055 54A Avenue | Surrey | $10,500,000 | Private | Private | February 2011 |
| 7867 & 7890 Express Street | Burnaby | $40,000,000 | Public Co. | REIT | January 2011 |
| 10025 River Way | Delta | $21,250,000 | Institutional | Private | January 2011 |
| **Total** | | **$186,330,000** | | | |

# Multi-Family

Multi-family remains one of the most sought-after asset categories due to three factors: low investment risk, attractive financing terms backed by **Canada Mortgage and Housing Corporation** (CMHC) and the opportunity with tenant turnover in a low-vacancy environment to increase rental rates and improve yields.

Higher yield multi-family investments are driving buyers out of Vancouver as the supply of large institutional-grade apartment buildings available for sale within the city limits shrinks amid increasing competition.

Twenty multi-family transactions valued at approximately $238 million completed in the first half of 2011. That total far exceeds the $158 million and $106 million in transactions recorded during the first and second halves of 2010, respectively. Overall, there were 20 transactions in 2010 totalling of $264 million.

With about one-third of multi-family transactions (7) occurring in Vancouver, investors increasingly looked eastward and into the suburbs, including the Fraser Valley, with buildings trading in New Westminster (3), Coquitlam (2), Burnaby (2), the North Shore (2), Surrey (1), Richmond (1), Abbotsford (1) and Chilliwack (1). Institutional as well as overseas interest remains strong.

The three largest individual deals in the first half of 2011 included the $44-million acquisition of **Ocean Residences** in Richmond by **CAPREIT** from **TransGlobe Property Management Services**. This acquistion formed part of a five-building portfolio purchased for $72 million by CAPREIT from TransGlobe. The other deals included: the $24.5-million purchase of **Bonsor Apartments** in Burnaby; and the $23.75-million purchase of **Marine Garden Village** in Vancouver.

About 85% of purchasers were private (17) as a smaller number of institutional buyers (3) tended to acquire the very few large, institutional-grade multi-family assets that transacted. Private vendors comprised 75% of all sellers as institutional vendors (5) executed disposition strategies to take advantage of compressed capitalization rates and purchasers' willingness to meet seller expectations.

Three Chilliwack apartment buildings - **King's Manor**, **Lee Manor** and **Rae Manor** - sold for $10 million as investors looked to the Fraser Valley for multi-family investment opportunties

Rental vacancy rates in the Vancouver census metropolitan area (CMA) increased to 2.8% in April 2011 from 2.2% in April 2010, according to CMHC. While the vacancy rate edged higher in the Vancouver CMA, vacancy remained relatively unchanged in the Victoria (2.7%) and Abbotsford (6.6%) CMAs.

Meanwhile, vacancy in the Abbotsford CMA remained unchanged at 6.6% as the movement of renters to home ownership continued in late 2010 and early 2011. Rental apartments in the area also faced increased competition from the secondary rental market, including secondary suites in homes and investor-owned condominiums available for rent.

MULTI- FAMILY

| PROPERTY | MUNICIPALITY | PRICE | VENDOR TYPE | BUYER TYPE | DATE |
|---|---|---|---|---|---|
| Reidon Apartments | Vancouver | $6,300,000 | Private | Private | June 2011 |
| Crestview Terrace | Vancouver | $7,641,560 | Private | Private | May 2011 |
| The Lynn Gary Apartments | New Westminster | $5,500,000 | Private | Private | May 2011 |
| Chelsea Park Garden | Abbotsford | $7,580,299 | Private | Institutional | May 2011 |
| Simran Villas | Surrey | $12,200,000 | Private | Private | May 2011 |
| Marine Garden Village | Vancouver | $23,750,000 | Private | Private | May 2011 |
| Huntingdon Apartments | Coquitlam | $5,900,000 | Private | Private | May 2011 |
| Selkirk House | Burnaby | $10,200,000 | Private | Private | May 2011 |
| Ocean Residences | Richmond | $44,000,000 | Institutional | Institutional | April 2011 |
| King's, Lee & Rae Manors | Chilliwack | $10,000,000 | Private | Private | April 2011 |
| Cedar Grove/Medallion Court | Coquitlam | $17,100,000 | Institutional | Institutional | April 2011 |
| Barclay Towers | Vancouver | $8,500,000 | Private | Private | April 2011 |
| Tantus Towers | New Westminster | $16,500,000 | Institutional | Private | April 2011 |
| Lord Highland Apartments | North Vancouver | $9,000,000 | Institutional | Private | March 2011 |
| Daylin Manor | New Westminster | $5,200,000 | Private | Private | March 2011 |
| Bonsor Apartments | Burnaby | $24,500,000 | Private | Private | March 2011 |
| Dominion House | Vancouver | $5,400,000 | Private | Private | March 2011 |
| The Roslyn | Vancouver | $5,935,000 | Private | Private | February 2011 |
| Bay West Apartments | Vancouver | $5,150,000 | Institutional | Private | January 2011 |
| Tradewind Apartments | North Vancouver | $7,575,000 | Private | Private | January 2011 |
| **Total** | | **$237,931,859** | | | |

*Note: Multi-family investment transactions are not included in the overall statistics.*

*Sources: Avison Young and RealNet Canada*

continued from cover page...

economic instability related to U.S. credit concerns, European debt crises and ongoing political volatility in Africa and the Middle East.

Commercial real estate investment activity in the first half of 2011 was overwhelmingly focused in metro markets such as Vancouver (13), Richmond (7) and Burnaby (5). Just three transactions (of 36) were outside the Lower Mainland – Victoria, Chilliwack and Kamloops – as investors' preferences trended more toward major markets. New Westminster, Langley, Delta and Surrey recorded minimal sales activity.

Office property transactions (12) comprised the greatest dollar volume ($270 million) in the first half of 2011, representing a 43% increase compared with the same period last year ($189 million) but a 9% decrease compared with the last half of 2010. Four office transactions exceeded $30 million – the largest was $65 million for **Lululemon Athletica's** purchase of 1818 Cornwall Avenue in Kitsilano. Other notable transactions included the sale of a 50% interest in 1050 West Pender Street and the 100% sale of 1090 West Pender Street. Both deals involved **Bentall Capital** and **West Pender Property Group**. The sale of approximately 60,000 sf of office space to the **College of Physicians and Surgeons of BC** in the **Offices at Hotel Georgia** represented the largest strata office transaction recorded in the downtown core to date. Despite a perceived lack of opportunities to purchase office product in the core, a quarter of the total office transactions occurred in the downtown peninsula.

In the first half of 2011, industrial comprised the most transactions (13) and reflected $186 million of investment. This represents a 48% increase in dollar volume compared with the first half of 2010 ($126 million) and a virtually identical performance to the second half of 2010 ($187 million). Two notable deals involved 7867 and 7890 Express Street in Burnaby ($40 million) and 7731/7771 Alderbridge Way in Richmond ($39.65 million). The majority of industrial transactions were evenly distributed amongst Richmond, Surrey and Burnaby.

The most noteworthy difference between the first half of 2011 and 2010 was the significant decline in retail investment activity. After achieving a record $711 million of retail investment (21 transactions) in the first half of 2010, the market witnessed only $138 million (11 transactions) of retail investment in the first half of 2011, an 81% decrease. With just two deals in excess of $20 million – **Lansdowne Village** ($41 million) in Kamloops and **L'Hermitage en Ville** ($26 million) in Vancouver – there is a notable lack of available quality retail product in sought-after provincial markets.

The reluctance of institutional and other owners of prime real estate assets, retail or otherwise, to pursue even limited disposition strategies highlights a perceived lack of alternative quality investment options. It also indicates the confidence the market has in the fundamentals underlying commercial real estate in Metro Vancouver. ■

## Avison Young

For more information please contact:


**Andrew Petrozzi**
Research Manager
Direct Line 604.646.8932
andrew.petrozzi@avisonyoung.com

**Sherry Quan**
National Director of Communications & Media Relations
Direct Line 604.647.5098
sherry.quan@avisonyoung.com

**Michael Keenan**
Senior Vice-President & Managing Director
Direct Line 604.647.5081
michael.keenan@avisonyoung.com

**VANCOUVER**
Suite 2100, 1055 West Georgia Street
PO Box 11109 Royal Centre
Vancouver, BC V6E 3P3
Phone **604.687.7331** Fax 604.687.0031


Avison Young is Canada's largest independently-owned commercial real estate services company, with offices in **Toronto, Vancouver, Calgary, Edmonton, Lethbridge, Regina, Winnipeg, Mississauga, Toronto North, Ottawa, Montreal, Quebec City, Halifax, Chicago, Washington DC, Tysons Corner, Atlanta, Dallas, Houston** and **Los Angeles.**

**www.avisonyoung.com**

### Avison Young Investment Team


**Bal Atwal**
bal.atwal@avisonyoung.com

**Michael Buchan**
michael.buchan@avisonyoung.com

**Fergus Cameron**
fergus.cameron@avisonyoung.com

**Matthew Craig**
matthew.craig@avisonyoung.com

**Michael Gill**
michael.gill@avisonyoung.com

**Rob Greer**
robert.greer@avisonyoung.com

**Rob Gritten**
robert.gritten@avisonyoung.com

**Mark Hannah**
mark.hannah@avisonyoung.com

**Michael Keenan**
michael.keenan@avisonyoung.com

**John Lecky**
john.lecky@avisonyoung.com

**Robert (Bob) Levine**
bob.levine@avisonyoung.com

**Douglas McMurray**
doug.mcmurray@avisonyoung.com

**Alex Messina**
alex.messina@avisonyoung.com

**Chris Wieser**
chris.wieser@avisonyoung.com


AVISON YOUNG Intelligent Real Estate Solutions