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OUTLOOK

Cap Rates 

Office Vacancy 

Industrial Vacancy 

Retail Vacancy 

Lease Rates (All Asset Classes) 

partnership.
performance.

North Shore sales and leasing volume expected to rise

After an anemic start to 2009, North Shore commercial real estate market activity is expected to increase in most sectors in 2010.

Sales and leasing deals in the office, retail, industrial and multi-family sectors are on the rise as cautious optimism replaces the unprecedented uncertainty that accompanied the global financial meltdown of 2008. However, while the leasing market has remained relatively active, deals are taking three times longer to complete.

Office Overview

Despite difficult global economic conditions, North Vancouver office prices remained

resilient throughout 2009. The average price was \$2.6 million as deals ranged from \$300,000 to \$9.05 million. West Vancouver witnessed one office deal, valued at \$412,000, during the first nine months of 2009.

Overall, North Shore office vacancy continues to increase slightly due to new inventory and corporate downsizing. Most activity is occurring in North Vancouver. Significant new North Vancouver developments (already complete or due for completion by the first quarter of 2010) include the Northshore Corporate Centre, (33,000 square feet (sf)), Harbourside Corporate Centre (40,000 sf) and 1133

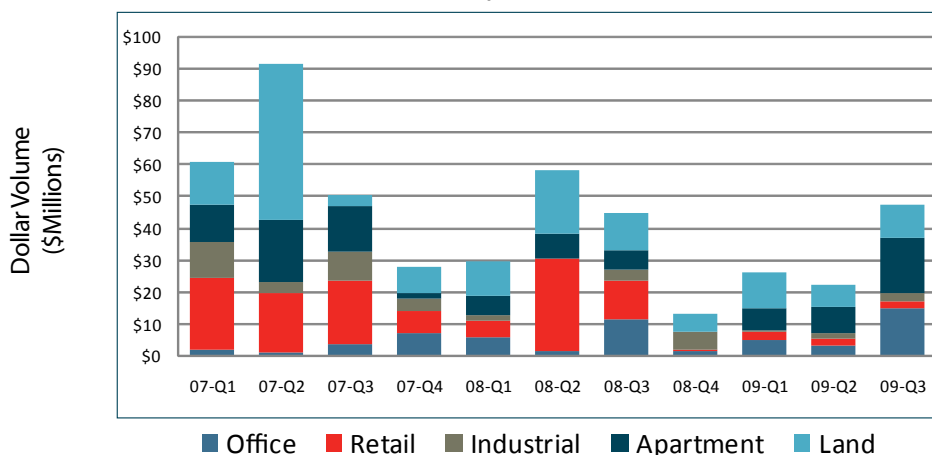
Lonsdale Avenue (28,000 sf), the former home of the *North Shore News*.

As a result of the vacancy increase, head lease rates are expected to decrease modestly – good news for tenants looking to expand their premises or renew lease agreements. GWL Realty Advisors plans to build the latest phase of Northwoods Business Park in North Vancouver on a speculative basis. The 75,000-sf office building is due to complete construction in 2010. Meanwhile, Concert Properties has proposed to develop a waterfront office complex at 801 Harbourside Drive in North Vancouver, but the project has

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North Shore - Total Dollar Volume Distribution by Asset Class

\$250K+



Sources: RealNet Canada Inc.; Avison Young

NORTH SHORE TEAM



Matt Thomas
604.646.8383

mthomas@ay-bc.com

Matt Thomas serves as Avison Young's North Shore specialist, marketing industrial, office and retail properties. He joined Avison Young in October 2009 after four successful years with another national firm. Over the years Matt has developed a large client base as well as a strong reputation as a successful, client-focused broker. Thomas holds a commercial real estate/marketing management degree from the British Columbia Institute of Technology (BCIT).



Kyle Blyth
604.647.5088
kblyth@ay-bc.com

Kyle Blyth began his career with Avison Young in May 2005, immediately upon graduation from BCIT. Since joining the industrial team, he has been a part of closing over \$150 million of industrial transactions. Kyle's determination and analytical approach earn him respect and loyalty from his clients.

partnership.
performance.

continued from front

North Vancouver overall vacancy remains low

been put on hold while the company investigates the potential of a mixed-use structure instead.

The average office cap rate, which hovered in the 6% range in 2009, is expected to increase slightly in 2010.

Retail Overview

North Vancouver's overall retail vacancy remains low, in the 1% to 2% range, and the category continues to display stability that has been prevalent for the past few years. Lease rates are expected to remain in the \$15 to \$55 per square foot (psf) range. Quality space in high-exposure areas should fetch approximately \$40 psf.

Marine Drive continues to serve as the hub of North Shore retail activity with several large developments underway. Bed Bath & Beyond and Thrifty Foods are among the new North Shore arrivals.

Meanwhile, Vancouver Pacific Development Corporation has constructed the 90,000-sf retail

centre on the south side of Marine Drive between Hanes and Fell Avenues. On the same block, the Jim Pattison Group has developed a 100,000-sf shopping complex, which includes a Shoppers Drug Mart, Pattison food anchor, and two financial institutions.

North Vancouver's average 2009 cap rate of 5.2% is expected to rise slightly as the average price of \$1 million dips modestly. Sale prices should not stray far from their 2009 range of \$345,000 to \$2.3 million in 2010.

West Vancouver's average 2009 retail cap rate of 5.2% should also increase marginally as the average sale price (\$1.52 million) and price range (\$642,000 to \$2.4 million) dip slightly, but remain relatively stable.

Industrial Overview

The North Shore's fall 2009 industrial vacancy rate of 2.7% ranked among the lowest in Metro Vancouver and the rest of North America. Although va-

cancy is expected to increase marginally in 2010, a lack of available supply and ongoing strong demand will likely keep the rate in the 3% range.

Accordingly, North Shore industrial land prices are among the highest in the region, averaging \$2 million per acre due to the supply constraints.

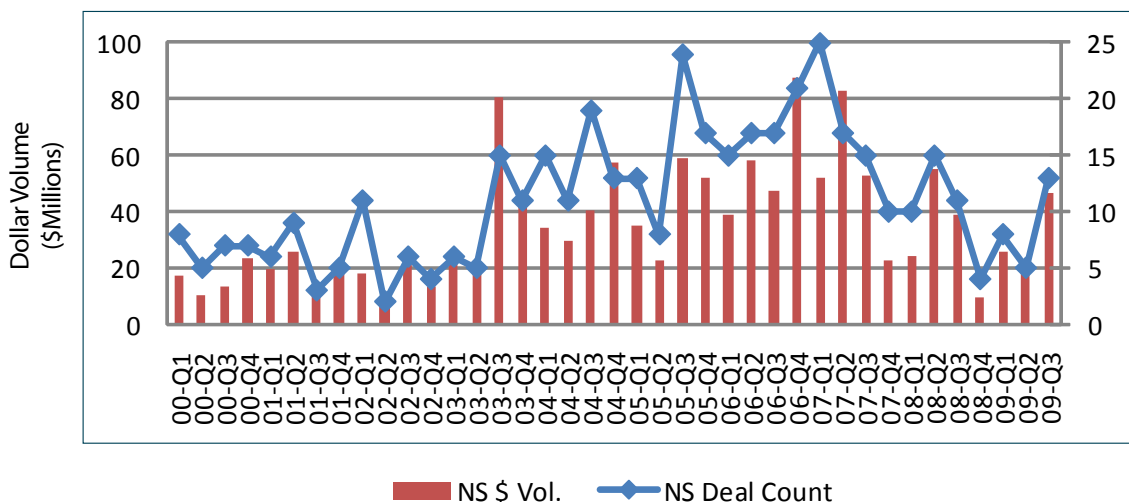
Lease rates have held up surprisingly well; however, inducements have become an important part of landlord-tenant relations.

Multi-Family Overview

The North Shore multi-family market continues to display strength as the global economy recovers. Over the past three to six months, vacancy and activity have increased moderately. As with other Metro Vancouver areas, the North Shore multi-family market is moving towards a state of long-term stability.

Vacancy and rental rates are expected to stay at year-end 2009 levels throughout 2010. ■

North Shore - Deal Volume and Velocity
All Asset Class - Over \$1M



St. Georges sells for \$11 million

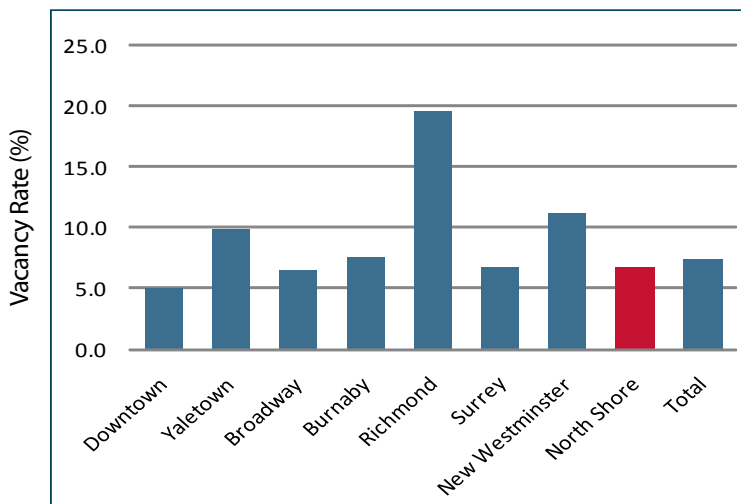


Photo courtesy of RealNet Canada Inc.

St. Georges Place, a 72-unit apartment building located in North Vancouver, sold for \$10.85 million to a private buyer in September 2009. For more notable North Shore deals, see the chart on page 4.

Office demand stays strong

North Shore vs. Metro Vancouver Mid-2009 Office Vacancy



Seylynn Village development sets sustainable green building standard

Construction is slated to commence in 2010 on Hynes Developments' proposed Seylynn Village project in North Vancouver.

The mixed-use development, located on a 5.5-acre site between Highway 1 and Fern Street in the Lower Lynwood neighbourhood, received District of North Vancouver council approval October 19. It promises to be one of the most exciting developments in North Shore history.

The community-oriented development will embody the "communitarian" approach that Hynes Developments founder Stephen Hynes emphasizes in all of his firm's projects. Seylynn Village will include 690 residential units, 70 of which are designated affordable housing, and 50,000 square feet of commercial space.

Designed by local architect Joe Wai, the project will target a high green-building standard with

additional advanced energy-management techniques.

"This is an attempt on a socially sustainable and vibrant community as well as an environmentally sustainable development," writes Wai on the Seylynn Village website. "Furthermore, it is a development that responds to the inherent natural amenities of the site, while configured to help to evolve the neighbourhood socially and economically."

The area revitalization will have a substantial positive impact on local businesses. According to Wai, the Village Centre will include such amenities as public gathering places, cafés, a health care clinic and retail outlets. The residential buildings will include a nine-storey crescent-shaped live/work structure as well as two 25-storey towers.

The project, which has undergone many refinements during the past 12 to 24 months, will



Image courtesy of Hynes Developments

The proposed **Seylynn Village** development aims to give the Lynmour area a facelift. The project received District of North Vancouver approval in October 2009 and is now going through the development-planning process.

create a place for a diverse population that includes families, seniors and students and accommodate residents of varied income ranges.

"It is contemporary, but meant to stand the test of a longer period of time," writes Wai. ■

For more information, contact North Shore specialists Matt Thomas and Kyle Blyth of Avison Young, and visit www.seylynnvillage.com.

North Shore commercial property deals over \$1 million, since June 30, 2009

	ADDRESS	LOCATION	PRICE	SQUARE FEET OR NUMBER OF UNITS	PSF OR PRICE PER UNIT	DATE
Office	312 East Esplanade	North Vancouver	\$1,155,000	4,000	\$289	September 09
	North Shore Corporate Centre, 111 Forester Street	North Vancouver	\$5,025,000	12,750	\$342	August 09
	Westmar Building, 233 West 1st Street	North Vancouver	\$9,050,000	38,212	\$237	September 09
	1326-1336 Main Street	North Vancouver	\$2,800,000	15,288	\$183	June 09
Average PSF					\$263	
Retail	2925 Lonsdale Avenue	North Vancouver	\$2,300,000	1,350	\$1,704	August 09
	1255-1259 Marine Drive	North Vancouver	\$1,080,000	2,965	\$364	June 09
	1885-1887 Marine Drive	North Vancouver	\$1,665,000	9,500	\$175	June 09
Average PSF					\$748	
Industrial	1520 Richmond Street	North Vancouver	\$1,140,000	6,102	\$187	September 09
	1255 Welch Street	North Vancouver	\$3,875,000	23,600	\$164	October 09
Average PSF					\$176	
Multi-Family	St. Georges Place, 150 East 14th Street -1419 St. Georges	North Vancouver	\$10,850,000	72	\$187,222	September 09
	Hartwick Apartments, 1621 St. Georges	North Vancouver	\$2,275,000	14	\$162,500	August 09
	Seymour Manor, 210 West 16th Street	North Vancouver	\$4,111,000	28	\$146,893	July 09
Average Price Per Unit					\$165,538	

* All transactions involved private buyers and sellers.

THE AY TEAM

While specializing in North Shore properties, Matt Thomas and Kyle Blyth are also members of Avison Young's Metro Vancouver Industrial Team.

This veteran sales and leasing team enables investors, landlords and tenants to find their industrial-property solutions quickly and easily. Team members provide clients with timely news on industrial market trends and comprehensive knowledge of Metro Vancouver's industrial sub-markets.

Avison Young's clients range from leading Canadian and multi-national companies to smaller firms and sole proprietorships. Whatever your needs, Avison Young's industrial team will guide you through the process.

We will help you locate and evaluate suitable premises, provide fair market property analysis, offer sales or lease comparisons, discuss vacancy and rental rate trends, and provide you with options to meet your specific concerns and challenges.

Our solutions start with client needs and business objectives – not with real estate. We believe this approach results in more customized and cost-effective solutions for you.

Founded in 1978, Avison Young is Canada's largest independently-owned commercial real estate services company. We are a full-service commercial real estate company comprising more than 500 real estate professionals in 14 offices across Canada and in the U.S.

CONTACTS

Michael Allen
604.647.5085
mallen@ay-bc.com

Kyle Blyth
604.647.5088
kblyth@ay-bc.com

Robert Gritten
604.647.5063
rgritten@ay-bc.com

Ryan Kerr
604.647.5094
rkerr@ay-bc.com

John Lecky
604.647.5061
jlecky@ay-bc.com

Bennett Lutes
604.687.7331
blutes@ay-bc.com

Douglas McMurray
604.647.5082
dmcurray@ay-bc.com

Manjot Mattu
604.647.5096
mmattu@ay-bc.com

Struan Saddler
604.647.5077
ssaddler@ay-bc.com

Matt Thomas
604.646.8383
mthomas@ay-bc.com