

# B.C. commercial real estate hits \$2 billion record high in 2010: report

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**Photograph by:** Mark van Manen, Vancouver Sun files

VANCOUVER — British Columbia commercial real estate investment reached records highs of nearly \$2 billion in 2010, according to commercial real estate services company Avison Young.

Commercial real estate investment volume was \$1.946 billion last year with 99 sales transactions completed, Avison Young reported in its Year-End 2010 British Columbia Real Estate Investment Review released Thursday. No single transaction skewed dollar volumes as in 2009, Levine said.

“There’s suddenly a lot of buyers around — pretty well every buying category being private people, pension funds, life companies, real estate investment trusts,” Avison Young principal Bob Levine said in an interview. “The fundamental reason is real estate compared to other investments these days is showing pretty good returns.”

Buyers who were cautious in the 2008 financial downturn are now feeling more confident, and low vacancy rates along with limited new construction in commercial property means tenants can be expected to be relatively stable, Levine said.

At the same time, sellers are motivated because they are seeing some of the best prices in the last 30 years, Levine said.

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Total 2010 dollar volume easily surpassed 2009 and 2008 dollar volumes of \$1.36 billion and \$1.27 billion, respectively. The previous record was \$1.53 billion in 2004.

Private purchasers were dominant across the board compared to cash buyers such as pension funds, life insurance companies and real estate investment trusts, Levine said.

"We're showing very little foreign investment because a lot of the 'foreign' investors may be Canadian passport carriers or landed immigrants so we have to identify them as domestic, but often the money is coming from foreign sources," Levine said.

Levine estimates that a quarter of office transactions were to foreign investors. "We're seeing more money coming in from Europe than we've probably seen in 15 years. I think it's a stability thing. There are a lot of economic concerns in western Europe and for some reason we look better. We're the Switzerland of North America at the moment. Our banks are solid. Our government's solid."

Retail was the most active asset class for all buyers accounting for 40 per cent of all 2010 transactions and generating 59 per cent (\$1.148 billion) of total dollar volume. Retail investment doubled in 2010 to \$1.148 billion from \$499 million in 2009.

Retail was not perceived to be a better investment than office or industrial properties, Levine said. The number of transactions was driven by supply, not demand. There was also considerable repositioning among major national retail owners who bought out their partners. For example, Ivanhoe Cambridge bought out their partner in Oakridge and now owns the property 100 per cent and Woodgrove Centre in Nanaimo sold half to a third party, Levine said.

Larger 2010 deals include: Lougheed Town Centre in Burnaby (\$133 million); Hillside Centre in Victoria (\$113.5 million); Brentwood Town Centre in Burnaby (\$100 Million); South Point Exchange in Surrey (\$91 million); the Bay Centre in Victoria (\$90 million); and Semiahmoo Shopping Centre in White Rock (\$83 million).

[jennylee@vancouversun.com](mailto:jennylee@vancouversun.com)

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