Media Release

For Immediate Release (2 pages)
Friday, October 12, 2018

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Editors/Real Estate Reporters
• Please click on link to view Avison Young's *Fall 2018 British Columbia Multi-Family Investment Report:* https://www.avisonyoung.ca/documents/95750/17687307/Fall2018BCMultiFamilyReport

British Columbia multi-family market's impressive first half of 2018 reveals signs of a likely slowing in sales activity

Avison Young releases its Fall 2018 BC Multi-Family Investment Report

Vancouver, BC -- Sales activity of BC multi-family assets remained at historic heights in the first half of 2018 with 42 transactions valued at $667 million. While the number of deals fell just short when compared with the first half of 2017 (46), the first half of 2018 did surpass the first half of 2017 in dollar volume ($652 million) and the second half of 2017 in both dollar volume and number of deals ($624 million/43).

While the number of transactions in 2017, 89, marked a new record, dollar volume of $1.275 billion fell short of the record set in 2015 when 80 properties valued at $1.41 billion traded hands. Despite the strong start to 2018, a new record for multi-family investment is not anticipated in 2018. (**Avison Young** only tracks multi-family investments trading at more than $5 million.)

These are some of the key trends noted in Avison Young's *Fall 2018 British Columbia Multi-Family Investment Report*, released today.

The rapid escalation in residential land prices and the cost of multi-family assets, particularly those priced greater than $20 million, are currently being viewed by investors and developers with four factors in mind: 1) provincial and federal government regulation related to rental housing and cooling residential real estate activity and pricing; 2) municipal elections in BC in October 2018; 3) a rising interest-rate environment in the U.S. and Canada; and 4) the overall affordability issue surrounding housing in Metro Vancouver, which has become a polarizing political issue in virtually all communities and fostered an increasingly anti-development sentiment among the electorate.

"The affordability issue is limiting the price-per-buildable-square-foot that developers are willing to pay for land," comments Avison Young Principal **Robert Greer**. "Also, in light of the government-induced reduction in demand for luxury condos, greater uncertainty attached to rezoning risk, and higher borrowing costs facing most home buyers, there is an increasing perception that land pricing based on its potential value may be undermined by the election of mayors and councils who are less likely to be supportive of rezoning applications and new developments that do not include significant below-market and social housing components, which may make the project financially unfeasible. All these factors will likely contribute to a slowing in multi-family investment activity in the second half of 2018 and first quarter of 2019, which will not only serve to establish stability or a new baseline in the market, but provide acquisition opportunities for adept investors and developers as well."

While the overwhelming majority of purchasers and vendors were private, a single institutional purchaser, **Starlight Investments**, was responsible for acquiring a four-property portfolio located in Vancouver/North Vancouver as well as a townhome development in North Vancouver for more than $290 million, or approximately 43% of the total dollar volume recorded in the first half of 2018.

The report also contains a Q&A with **David Hutniak**, the CEO of **LandlordBC**, discussing the provincial government's recent decision to change the formula used to calculate allowable annual rent increases.

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